

Bank Credit and the Riddle of Inflation (page 33)

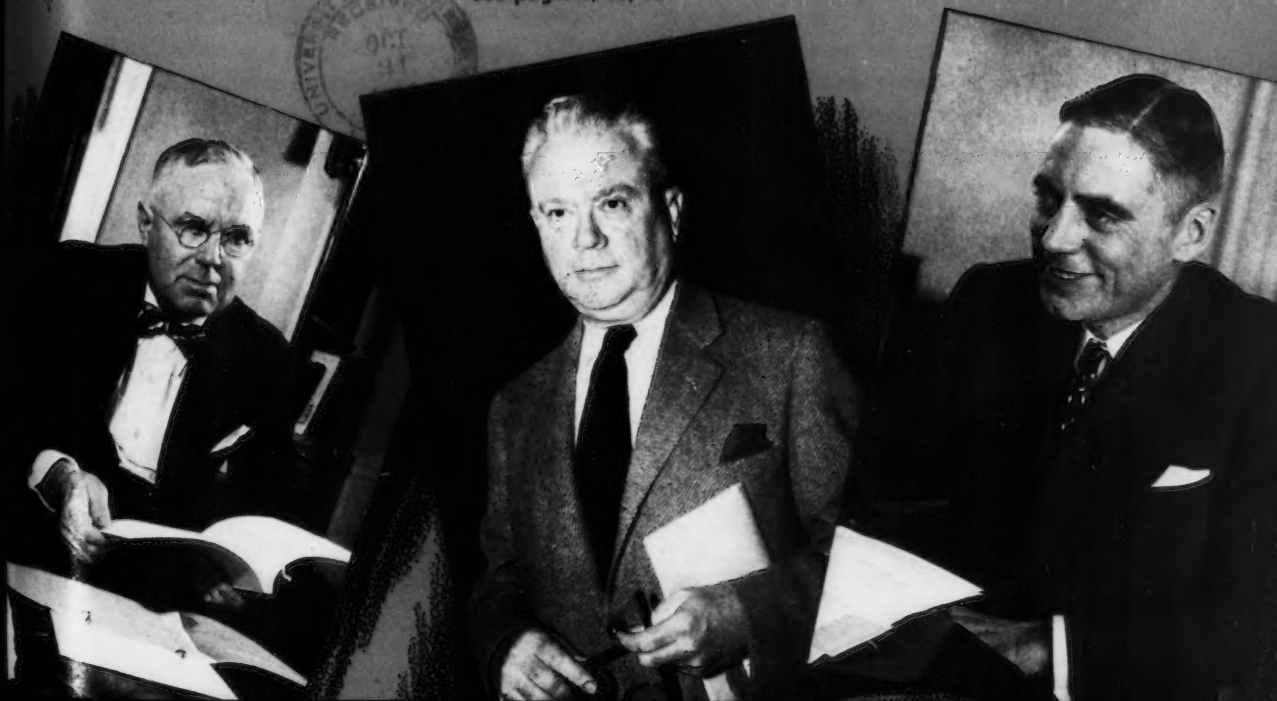
BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

NOVEMBER 1950



Above, left to right: Messrs. Foley, Symington, Norton
Below, left to right: Messrs. Evans, Vardaman, Charles T. Fisher
See pages 3, 33, 36





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"You can't do business from an empty wagon"

A year ago, when unemployment was on the increase, prices leveling off and business conditions unsettled—many manufacturers were keeping inventories down to a minimum. They were, in effect, "doing business from an empty wagon."

Today—these same manufacturers—in order to fill legitimate demands for essential goods—must bring depleted stocks of raw materials and finished goods up to par, at today's higher prices.

That calls for additional financing.

Since field warehousing is expressly designed to provide cash for inventory financing, there has never been a time when field warehouse loans were so practical for bankers and so necessary for commercial borrowers.

And—since Douglas-Guardian is "the bankers' field warehouse company"—it's only natural that more and more bankers throughout the country are turning to us for field warehouse receipts.

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YOU MAKE THE LOANS—WE'LL MAKE THEM SAFE

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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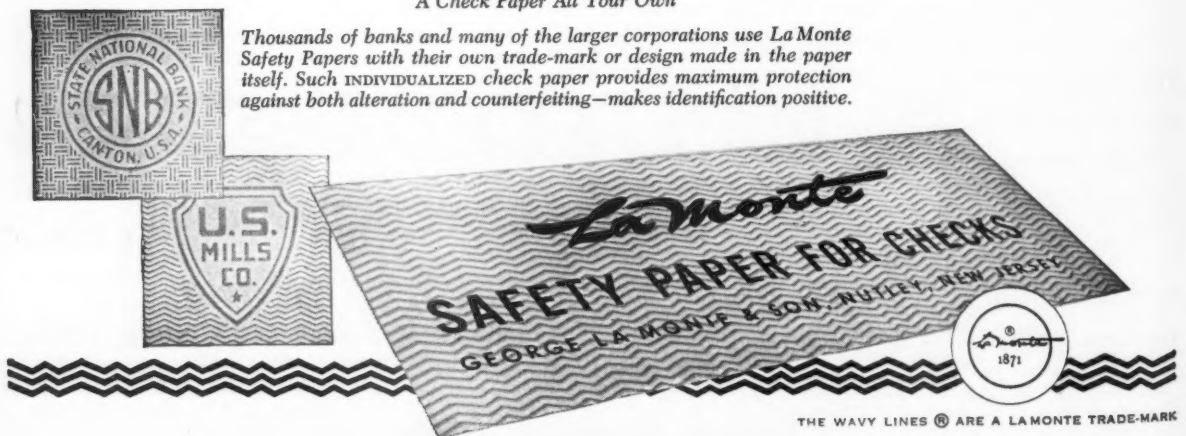


"The enclosed check"...

These are words that never fail to give pleasure. And when the check is written on really fine check paper this pleasant reaction is accented . . . enhanced by the instinctive appreciation which quality always inspires. Thousands of American bankers recognize the importance of this fact. They understand the advantage gained by supplying their customers with checks lithographed on La Monte Safety Papers. Samples may be obtained from your lithographer or by writing us direct.

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THE WAVY LINES ® ARE A LA MONTE TRADE-MARK



The New York Convention

INTO the memory books of some 7,500 bankers goes the Diamond Anniversary Convention of the American Bankers Association.

As the page is turned, let it be said that never has there been, and hardly can there be, a better one—at least until No. 100 comes along! The New York Clearing House was the perfect host; the delegates listened to many headline addresses, renewed many old friendships, and made new ones.

The new A.B.A. administration, topped by President JAMES E. SHELTON of Los Angeles and Vice-president C. FRANCIS COCKE of Roanoke, Virginia, went home to prepare for a big year—a year in which the banks will again be doing their parts toward national preparedness.

In BANKING this month you'll find several pages that recall convention happenings—pictures of events and of people you met and heard; excerpts from messages delivered to the delegates by prominent personages; the convention's resolutions; a chance to meet Vice-president COCKE.

Incidentally, we've set up a file of 75th Anniversary Convention photos for the use of the editorial staff when it plans coverage of that meeting in 1975!

Kitty, Kitty!

IF you're curious as to what will happen during National Cat Week, please do not ask this magazine. Our only information is a short line of type in the Department of Commerce's list of coming attractions.

The Department does not say whether the Week is pro or con *Felis domestica*. However, experience with other Weeks indicates that things bode well for kitty, and the Bird Watchers can take it or leave it during the seven-day period commencing November 5.

Banks, of course, will be inclined to leave it, also. Cats prefer cash and carry markets to the halls of just

cash. So maybe Cat Week, national or otherwise, is not a candidate for a BANKING item.

Come to think of it, we've never heard of a bank that had a cat, even for public relations purposes.

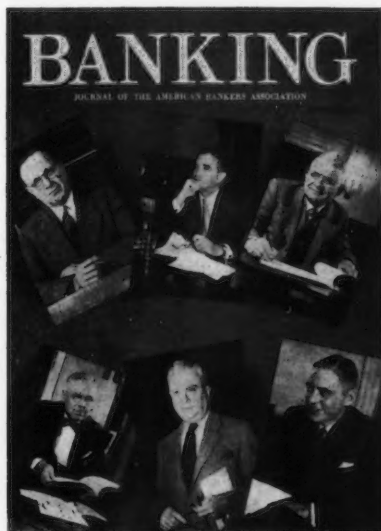
If yours does, send us a picture.

Mr. Giannini Files a Will

L. M. GIANNINI, president of the Bank of America, went to court and filed for probate (said a United Press Los Angeles dispatch) "a lonely old man's \$500,000 will, scribbled on a piece of wrapping paper." Here are the details:

"Charles W. Babonet, the paper showed, wanted his wealth divided among persons who had shown him kindness without knowing he was rich.

"The will was sent to the bank sometime ago, addressed to 'President of the Bank of America,' so Mr. GIANNINI personally took it to court. Mr. Babonet died in his wheelchair last month in his tiny house with barred windows. After his death it was learned why he barred his windows, for inside the house, tucked in odd places, were \$130,000 in cash, bank accounts, and oil leases worth an estimated \$250,000, and bonds and stocks. An Austrian



THIS MONTH'S COVER

The six men whose pictures appear on this month's cover are identified with the new Federal controls of credit under the Defense Production Act. The subject is discussed in the Washington article, page 36, where there is some information about the "credit controllers," and in the article beginning on page 33

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► We, the pioneers of on-the-premises check imprinting have, after twelve years of improvement upon improvement, produced the THRIFTMATIC—the answer to imprinting all pocket-size checks. Push-button imprinting at its very best, the THRIFTMATIC is but one part of the complete ThriftiCheck Low-Cost Checking Account Service Plan.

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BANKERS DEVELOPMENT CORPORATION

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REctor 2-7580



"Seems they've been living in a Quonset hut!"

who came here in 1905, he invested in oil-bearing property in the Huntington Beach area."

Among the bequests was a gift of more than \$100,000 to a couple who had once given Babonet a lift on the highway. Neighbors were well remembered.

"Typically American"

BANKING has received a warm letter of appreciation from R. D. CRAIG, the reader in Kincardineshire Scotland, whose subscription was renewed through the kindness of Vice-president DOUGLAS R. SMITH of the National Savings and Trust Company, Washington, D. C. Mr. CRAIG, you may recall, was one of two European subscribers who couldn't renew because they were unable to get the foreign exchange, and Mr. SMITH came to their rescue.

"Mr. SMITH's gesture," wrote our Scottish friend, "is typically American and yet another indication of America's ability to maintain the position she has won for herself—the No. 1 country of the world."

"Please convey my heartiest thanks to Mr. SMITH."

We did so promptly.

Ideas

At the end of a Financial Public Relations Association convention you feel you've just been through an idea factory—as, indeed, you have. Its production, assembled in a line of clinics and conferences that ex-

(CONTINUED ON PAGE 6)

"YOU expect your salesmen to be well dressed and impressive. If you use Parsons Paper your sales letters will be well dressed and impressive, too," says King Cotton.

Distinguished stationery requires paper of new cotton fibers and the fine craftsmanship of Parsons Papers. There are seven types from 100% new cotton and linen fibers to 25% new cotton fibers.

MAKE THIS TEST—King Cotton, symbol of quality in paper, suggests: "Write for a free package of Parsons Paper. Then when you order stationery, have some made on this fine paper—so you can see and feel the difference with your own letterhead." Parsons Paper Co., Dept. 11E Holyoke, Mass.

It Pays to Pick
PARSONS
P A P E R S

Made with
NEW
Cotton Fibers

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TELEPHONE LINES ARE HUMMING

THIS COUNTRY'S telephone service is one of its greatest assets in time of emergency. It unites millions of people — helps thousands of businesses to get things done quicker — and is a vital part of our national defense.

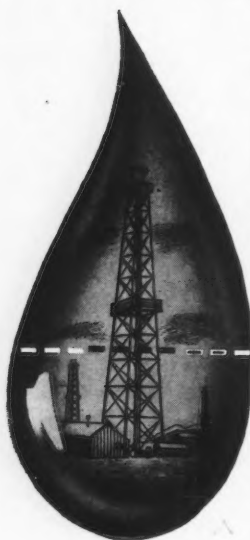
Since 1941, the Bell System has increased the number of telephones by more than 16,000,000. There are nearly twice as many now as nine years ago. Billions of dollars have been spent for new telephone equipment of every kind. The number of Bell Telephone employees has increased to more than 600,000.

All of this growth and the size of the Bell System are proving of particular value right now. One reason this country can outproduce any other is because it has the most and the best telephone service in the world.

BELL TELEPHONE SYSTEM



First in CANADA'S OIL FIELDS



The Royal Bank of Canada can answer your customers' questions about Western Canada's fabulous oil development whether they seek sound advice on establishing connections in Canada or other information relating to the oil business.

The Royal Bank has had branches in Canada's oil fields since the earliest days. Our branch in Turner Valley was opened in 1928 — in Leduc, we opened just one day after the first producing well was completed—in Devon and Redwater, our branches opened as development expanded. So closely identified has this bank become with Canada's oil development that it has become known as Canada's "Oil" bank.

Now available... "Canada's Oil", a new brochure containing basic information for all oil men.

*If you have any interest in Canada's oil fields, address your enquiry to:
E. B. Durham, Supervisor The Royal Bank of Canada, Calgary, Alberta
We do not provide information on oil securities*

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57 branches in Alberta, the "oil" province. Over 740 branches in Canada, the West Indies, Central and South America. New York, London, and Paris. Head Office, Montreal.

Canada's "Oil" Bank

ASSETS EXCEED \$2,334,000,000

JUST A MINUTE—Cont.

tend through the program, is a prodigious number of practical ways to meet practical problems.

In making friends with the public (and then maintaining that pleasant relationship), the idea's often the thing, and FPRA's system of intimate meetings, at which members answer each other's questions, is the sort of machinery that expands the usefulness of ideas by making them available to others.

BANKING's visit to the association's recent Boston convention yielded two stories: a general report and then (in Methods and Ideas) a sampling of the ideas swapped by the FPRAers.

The Physically Handicapped

NATIONAL Employ the Physically Handicapped Week is over, but the problem to which it called attention is still extant.

Vice Admiral ROSS T. MCINTYRE, chairman of the President's Committee which publicized the Week's message says it is estimated that there are now some half million unemployed physically handicapped workers—veterans and non-veterans, ready to work, and another two million who are capable of holding useful jobs if they get the proper rehabilitation.

(CONTINUED ON PAGE 11)

**"About that checking account, dear . . .
If we hurry, we can make the bank
before it closes"**

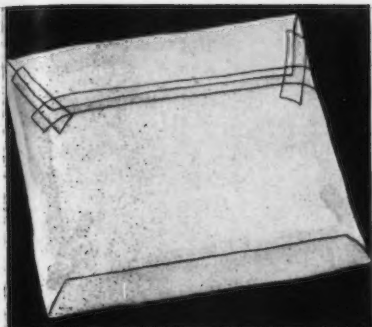


BANKING

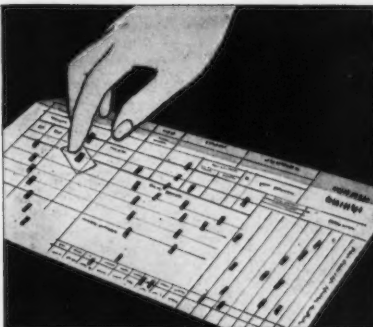


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"SCOTCH" Cellophane Tape saves time on all kinds of office chores



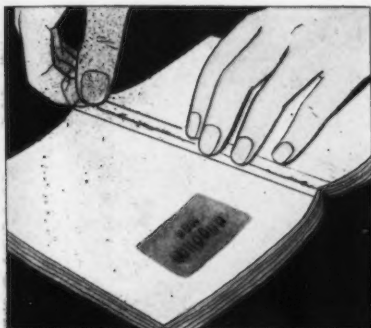
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WORLD'S BIGGEST FORKFUL . . .

The average American is inches taller, pounds heavier, than his great-great grandfather. To how many people do we owe thanks for the extra nourishment in every forkful that Americans eat?

To the agricultural scientists who pack more into every acre . . . to the farmers who squeeze more out . . . to designers and manufacturers of equipment who lock it in during shipping and storage . . . to entomologists, vitamin makers, refrigeration engineers, dairymen, frozen food packers, freight car manufacturers . . .

These and hundreds of others work with diligence, ingenuity, and skill to make Americans the best fed people in the world . . .

AMERICA WORKS LIKE THAT . . .

Uniquely so. Here, every field of human endeavor has the incentive and opportunity to make its contribution to the great American pursuit of progress . . .

America *can* work like that because it has an all-seeing, all-hearing Inter-Communications System.

THE AMERICAN INTER-COM SYSTEM . . .

Complete communication is the function, is the peculiarly American contribution of the business press . . . a great company of specially edited magazines devoted to the specialized work areas of men who want to manage better, design better, manufacture better, research better, sell better. No country in the world has a business press that compares in size, character or ability to serve with that of America . . .

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AMERICAN-Standard Heating Equipment and Plumbing Fixtures Designed and Engineered for every kind of job



FOR THE BATHROOM: These smartly-styled, durably-constructed American-Standard Plumbing Fixtures combine real economy with long service. The Master Pembroke Bath and Ledgewood Lavatory shown above, are made of rigid cast iron with a thick coating of lustrous enamel. The close-coupled Cadet Water Closet is of non-absorbent, easily-cleaned genuine vitreous china. There's a complete line to fit every requirement of design and styling.

FOR THE KITCHEN: The new Triwell Sink by American-Standard rates ace-high with housewives. In addition to the double compartments for easy dishwashing, it provides for quick, sanitary plate rinsing and garbage handling in a unique center well. This well has its own drain, and contains a large, covered strainer basket of chrome-plated brass. For years of service, the Triwell is made of acid-resisting enamel on a base of durable cast iron.



FOR UTILITY ROOM OR BASEMENT: You'll find heating units in the American-Standard line to cover every type of heat and every kind of fuel. The Arcoliner Oil Boiler illustrated is a new model designed for hot water systems only, which makes possible new economy in automatic heating. Quality built throughout, it has wet base construction to prevent overheating of floor, and features built-in water heater.



LOOK FOR THIS MARK OF MERIT



THROUGHOUT THE HOUSE: These New Multi-fan Convertors provide even, comfortable heat, while their attractive cabinets complement the furnishings of the room. In addition to 63 stock model sizes for either free-standing or partially recessed installation, there are models to meet your special building requirements—including extra sizes, and types for one-pipe steam and for fully recessed installation.

AMERICAN-Standard

First in heating . . . first in plumbing

Serving home and industry

AMERICAN STANDARD AMERICAN BLOWER CHURCH SEATS DETROIT LUBRICATOR KEWANEE BOILERS ROSS HEATER TONAWANDA IRON

JUST A MINUTE—Cont.

"Virtually every job in the Directory of Occupational Titles," says the committee, "can be performed by workers with some type or degree of physical impairment."

In the absence of management policy, it continues, handicapped workers will still be rejected on the basis of what they *cannot* do. So the first step is to establish a policy that will permit their employment. Next, "develop a plan" and then "review present personnel practices in the light of policy."

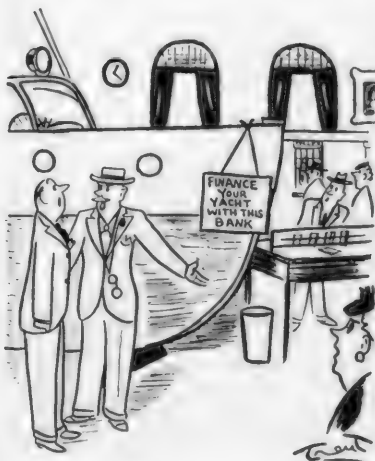
Savings Banks Sponsor Sunday Supplement

THE Savings Banks Association of the State of New York tried something new in public relations. It sponsored a Sunday supplement in the *New York Times*.

The objective was to get the thrift and savings bank idea before a large group—the *Times*' 1,100,000 subscribers. Six pages of the supplement contained editorial material and cartoons; the remainder were advertisements of individual savings banks.

The theme of the supplement was set by the cover picture of a boy, his piggy bank, and a savings bank passbook. The leading article, "Has the Piggy Bank Gone for Good?," discussed motives for savings and why 7,500,000 of New York State's 14,700,000 people were depositors in the savings banks. Another story, "900,000 Junior Capitalists," re-

"I didn't object to the washing machines, Erskine, but we ought to keep a little space for the customers"



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With Bank of America as your California correspondent you are able to send your items for any of more than 300 communities *direct* to this Bank's branches in those localities.

One account with either the Los Angeles or San Francisco office of Bank of America makes this time-saving California-wide *direct routing* service available.

Bank of America

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



Bank of America Travelers Cheques are known the world over. Sell them to your customers.

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**OIL
SITUATION**

**AND CAN HELP YOU
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Chicago - - - 27 S. La Salle St.
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MONTREAL**

Canada's First Bank Coast-to-Coast

Head Office—Montreal

550 Branches Across Canada

RESOURCES EXCEED \$2 BILLION

The New York Times



Banking on his own and America's future.
THE SAVINGS BANKS OF NEW YORK STATE

ported on the accumulation of \$29-million through school savings. "Where Is Your Dollar Going?" pointed out the effects of inflation, waste in government, and taxes on the average person's purchasing power.

Other articles covered such things as bankers' hours, the banks' free film program, savings bonds, life insurance, and other services.

They Had a Lot of Fun

IN the September issue of **BANKING**, that picture of the National City Bank of Cleveland's 1870 lobby, "brass rail and all," was an eye catcher. It also produced a story from The Omaha National Bank,

whose advertising manager, Mrs. JAMES GLEASON, wrote:

"Not to be outdone, I am enclosing a photograph of the temporary cages installed by our bank this month—'brass rail and all.'"

The bank was on the last lap of a three-year remodeling program, and when the construction reached the main banking floor it caused considerable inconvenience to the customers.

"We wanted to inject a little fun," said Mrs. Gleason, "so our temporary cages were built in the style of 1866, at the time our bank was founded. Oil lamps in swinging brackets hang from the cages. The potted plants in the windows sit in old-fashioned jardinières. The tellers wear eye-shades, black sateen sleeve protectors, and old-fashioned vests.

"Entrance to the west lobby is effected through a replica of the front of our first one-story frame building. An old prospector, holding a rusty flintlock, leans back against the window sill on the false front.

"We've had a lot of fun, and we've found it worthwhile from our customers' point of view."

J. L. C.

An economist is a person who tries to solve problems we wouldn't have if there were no economists.

No hard luck is easier to take than the other fellow's.

Here's one of the Omaha bank's messengers, dressed up for opening day



THE Territory of Iowa, created by Congress in 1838, was three times the size of the state today, a vast sparsely settled frontier extending to the Canadian border on the north and embracing parts of the present states of Minnesota and the Dakotas. Robert Lucas, its first governor, saw the region for the first time when he arrived in Burlington by river steamboat from Ohio but he was no stranger to frontier life.

Born in 1781 in Shepherdstown, Virginia—now West Virginia—at the age of twenty Robert Lucas moved with his parents to the Northwest Territory where he began his career as a surveyor. After many years in various local and state offices he was twice elected governor of Ohio. He also acquired

Famous American Homes

Plum Grove

*Home of the First
Territorial Governor of Iowa*

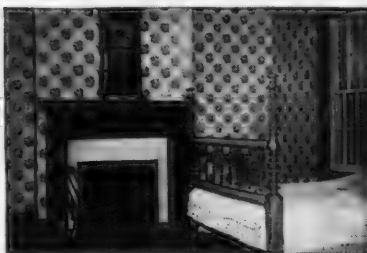


extensive military experience, serving in the War of 1812 and becoming major general in the militia and colonel in the U. S. Army.

Four years after the death of his first wife Lucas was returning on horseback from a session of the Ohio legislature when he spied a young woman approaching with a milk pail in either hand and jokingly remarked to his traveling companion that he would marry her if she leaped the fence which blocked her path. Instead of opening or letting down the bars, the young woman bounded over. That evening in the farmhouse where Lucas and his friend sought shelter they met the daughter of the household, Friendly Ashley Sumner, the young lady who had nimbly leaped the fence, and

who indeed later became his second wife.

Robert Lucas had a stormy term as governor of the Territory of Iowa for, besides the difficulties of administering a far from



Mantels above the seven fireplaces are black walnut

law-abiding region where gambling and intemperance were rampant, he was subjected to considerable sniping from political opponents. Nevertheless, he was a firm, upright administrator whose vigorous policies did much to establish order in the youthful territory. His most notable achievement was settling a boundary dispute with Missouri in Iowa's favor.

In 1844 Robert and Friendly

Lucas built a home on the outskirts of Iowa City which they named Plum Grove where he spent the rest of his life. Though retired from politics, he devoted his talents to furthering the temperance movement, developing the public school system and promoting railroads.

Appropriately, Plum Grove is now maintained as a state monument. In recent years it has been restored to its original condition by a number of interested Iowa citizens and through the efforts of the Society of Colonial Dames it has been furnished with articles of the proper period including some that graced the house in the time of Lucas.

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Train Customers Young

JACK MORRIS

The author is public relations director, Texas Bank & Trust Co., Dallas.

ON the theory that it is easier to train bank customers when they are young, we have been cooperating with our local high school by teaching a course in practical banking as part of the economics course. This year, for example, 53 certificates were awarded to students for completing this study of banking. This is an indication of the number of people we reach and the interest taken in the subject by the students. We believe that each one of them is likely to have a bank account much earlier in life than his parents did and that he will probably make more use of a bank account and get more benefit from it.

In addition to our series of lectures, we conducted bank tours to show the students the inside of the bank.

This series of lectures was given first in the fall semester of 1949. So

successful has it been and so satisfactory both to the bank and to the school that it will be continued each semester hereafter.

The course explains the organization of a bank. The students study the use of checks and drafts, deposit tickets, including the correct sorting and wrapping of money, endorsements, and negotiability of checks. In the classroom, each student practices opening an account at a bank, using actual bank forms. All types of accounts are explained and the activities in which the students engage fix these points firmly in their minds.

Emphasis is given to the protection of money in banks, under which subject the safety devices for the protection of safe deposit box users, and the rules governing safe keeping are explained. Actual forms are taken from the bank to the classroom and the students learn how to fill them out. This includes not only customer forms, but also those used by bank employees.

The course covers about 16 hours

of instruction per class, and includes three tours of inspection during which the students see the actual bank operations. One of these tours is to the Federal Reserve Bank of Dallas. The other two are to the Texas Bank & Trust Company.

During the first visit to our bank, the students are divided into smaller groups, called committees. Each committee is assigned a different department of the bank. On the second visit, the students spend their time in the executive offices learning about official duties and learning how new accounts are opened and public relations work is carried on.

The students actually go through the process of organizing a bank. They study the need in a given community for a bank, make application for a charter, set up their own board of directors and operating committees. These committees report on their functions to the rest of the class.

In organizing the course, we kept in mind those aspects of banking with which the students are most likely to come in contact in the near future. The purpose is to make them good bank customers, rather than bank employees, although we do anticipate that some of them will eventually join our staff.

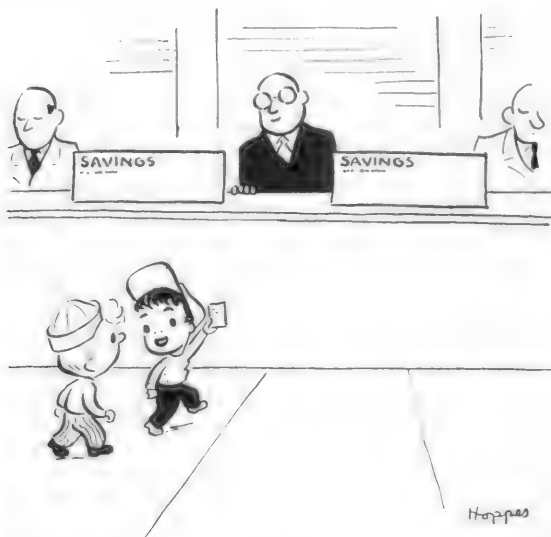
Probably the best idea of what the students learn in this course, the benefits they derive from it, and the benefit which our bank feels it gets from this effort, is indicated by the questions which the students are able to answer as their final examination. The list of questions in the final examination is divided into three parts. It was borrowed, for the most part, from the A.I.B.'s instructor's manual in the "Fundamentals of Banking" course.

PART I (Value 10 each)

Answer briefly:

- (1) Why is a bank more stringently regulated by public authority than any other business enterprise.

(CONTINUED ON PAGE 16)



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(CONTINUED FROM PAGE 14)

- such as a garage or laundry, etc.?
- (2) Name four considerations involved in the chartering of a bank.
 - (3) List the principal officers of a bank and their duties.

PART II (Value 1 each)

Read each statement below carefully. If you think it is true, underline the word "true." If you think it is untrue, in any particular, underline the word "false":

- (1) The capital of a bank is the cash in its vaults.
- (2) The larger the bank, the more money it owes.
- (3) National banks are examined twice each year as a rule.
- (4) The Secretary of the Treasury issues national bank charters.
- (5) There are more national banks than state banks.
- (6) In Texas, national banks and state banks do about the same kinds of business.
- (7) State banks are owned by the state.
- (8) All banks within the borders of a state, both national banks and state banks, are supervised by state authorities.
- (9) Federal Reserve banks are owned by the Government.
- (10) Stock in the Federal Reserve bank is a paying investment.
- (11) "Independent" banks are not subject to supervision.
- (12) Stockholders are the owners of a bank.
- (13) Stockholders hold frequent meetings.
- (14) Stockholders elect the officers of a bank.
- (15) Only stockholders may be directors of banks.
- (16) Directors establish the policies of a bank.
- (17) A bank may have any number of directors.
- (18) Officers execute the policies established by the board of directors.
- (19) Officers must be stockholders.
- (20) The cashier of a bank is normally in charge of operations.
- (21) The vice-presidents are generally loaning officers, but, in large banks, department managers may be vice-presidents.
- (22) Any stockholder is eligible to be elected a director.
- (23) Good customer relations are of vital importance to a bank.
- (24) Development of new business is necessary to a bank.
- (25) Deposits of corporations are called public funds.
- (26) A demand deposit is one which the customer has the right to withdraw at any time, either in part or in full.
- (27) A bank must require a savings customer to give 30 days' notice before withdrawing from his balance.
- (28) A negotiable instrument is a contract for the payment of money.
- (29) A check is a negotiable instrument.
- (30) The bank must be certain that the

- individual opening an account is the person he claims to be.
- (31) Payment of an undated check should be refused.
- (32) In a partnership, each partner ordinarily is responsible for the business contracts of the other partners.
- (33) The bank, by applying its own endorsement stamp, guarantees all prior endorsements.
- (34) The signer of a note is known as the maker.
- (35) A check payable to bearer can be negotiated by delivery alone.
- (36) As he endorses a check in blank, the endorser promises to pay any subsequent endorser if the check should be refused.
- (37) Banks must cash Government checks upon request.
- (38) A half of a \$20 bill can be safely accepted as worth \$10.
- (39) If the figures and the written amount on a check do not agree, the smaller amount should be paid.
- (40) Detection of a forged signature is a duty devolving on the bank.
- (41) A man might conceivably commit forgery by signing his own name.
- (42) A customer cannot be forced to make good an overdraft.
- (43) A certified check is an obligation of the bank.
- (44) Deposits in a bank are classified as liabilities.
- (45) Demand deposits may be withdrawn without notice.
- (46) A check is an order to the bank to pay money.
- (47) The bookkeeping department keeps the record of demand deposits.
- (48) The statement is a record of transactions on an account.
- (49) Checks paid are canceled and held permanently.
- (50) Stop-payments are a responsibility of the bookkeeper.
- (51) The drawer of a check has the right to stop payment.
- (52) An overdraft is essentially an unsecured loan.
- (53) Checks signed by a person since deceased may not be paid.
- (54) Savings balances belong, for the most part, to wealthy people.
- (55) A convenient location attracts savings accounts.
- (56) A savings depositor is entitled to his money on demand.
- (57) The signature card provides details for identification.
- (58) In mutual savings banks losses on investments are ultimately at the expense of depositors.
- (59) Making loans is a major function of a commercial bank.
- (60) A bank's lending power is limited by its depositors.
- (61) A bank may lend a borrower as much as it feels is safe.
- (62) "Liquid" means readily convertible into cash.
- (63) Interest collected in advance is termed discount.
- (64) Banks issue warehouse receipts.

PART III (Value 2 each)

Indicate the clause that best completes the statement:

- (1) In the State of Texas, banks may have branches—
 - a. anywhere in the state.
 - b. only in the city in which the bank is located.

- c. nowhere at all.
- (2) The receiving teller should be selected with care because—
 - a. he has to detect counterfeit money.
 - b. he has personal contact with customers of the bank.
 - c. he can tell customers about other bank services.
- (3) The purpose of a strong vault in a bank is primarily—
 - a. to keep employees from stealing money.
 - b. to protect the bank from outlaws.
 - c. to impress the public.
- (4) Deposit tickets should be made out by the customer because—
 - a. the teller does not have time to do it.
 - b. it gives the teller a double check on the total.
 - c. they should be in the handwriting of the depositor.
- (5) A counterfeit which turns up in cash deposited should be—
 - a. destroyed.
 - b. marked plainly and returned to the customer.
 - c. turned over to the United States Secret Service.
- (6) A crook approaching a teller is most likely to be—
 - a. shifty-eyed and furtive.
 - b. poorly dressed.
 - c. in a hurry.
- (7) Transit operations in a bank are concerned mainly with the collection of—
 - a. drafts and notes.
 - b. all cash items.
 - c. checks on banks in other cities.
- (8) The greater part of checks on banks in other cities are—
 - a. collected through correspondent banks.
 - b. sent to the banks they are drawn on, for remittance.
 - c. deposited with the Federal Reserve bank.
- (9) In the national numerical system the numbers are assigned by—
 - a. the Federal Deposit Insurance Corporation.
 - b. the Federal Reserve System.
 - c. the American Bankers Association.

Well Prepared Customers

I think it is evident that when 53 students pass an examination such as this, they are well prepared to be bank customers. Furthermore, they are likely to be bank customers earlier in their lives and it is quite likely they will use bank services more than if they did not have this training.

We feel well satisfied with the time and effort we have put into this program. We know of two other banks which have done similar work with equally good results. The First National Bank of Leesburg, Florida, has conducted a course of this sort, and The Second National Bank of New Haven, Connecticut, has sponsored tours of seniors in the local high school.

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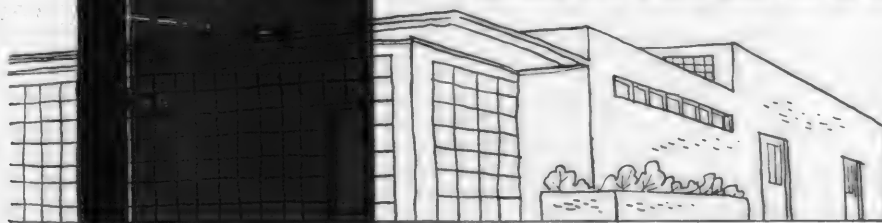
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People You Know

N BAXTER JACKSON, chairman of Chemical Bank & Trust Company, has been elected chairman of the Clearing House Committee of the New York Clearing House Association. He succeeds S. SLOAN COLT, president of Bankers Trust Company. ORIE R. KELLY, vice-president of Bankers, was elected secretary of the association and GEORGE WHITNEY, president of J. P. Morgan & Company, Inc., was re-elected president. The NYCHA was host at the recent 75th Anniversary Convention of the A.B.A. and Mr. WHITNEY headed the General Convention Committee.

Governor Duff of Pennsylvania has advanced RICHARD K. MELLON, chairman of the board of the Mellon National Bank and Trust Company, Pittsburgh, from brigadier-general to major general in charge of the state's military and civilian defense program.

Security-First National Bank of Los Angeles has four new vice-presidents, all branch managers: F. C. BARBONI, Visalia; L. R. BOLES, Hanford; W. C. HERFURTH, Oxnard; D. O. VICKERY, Santa Barbara. E. G. FOY, W. E. GRIESMEYER and M. F. MCCONNELL were made assistant cashiers and J. F. TOLTON was appointed assistant trust officer. All are at the head office of the bank in Los Angeles.

The First National Bank of Galveston recently celebrated not only its own 85th birthday but also the 42nd anniversary of President FRED W. CATTERALL's association with the institution, oldest national bank in Texas. ALEXANDER C. NAGLE, president of the First National Bank of New York, spoke at an anniversary banquet attended by bankers from



N. B. Jackson



K. C. Bell

several states. Mr. CATTERALL has been in banking for 60 years. He joined the First National as cashier on July 1, 1908.

Guaranty Trust Company of New York announces these appointments: Second vice-president, DONALD B. ANTHONY; assistant manager of Paris office, ROBERT H. BLAKE; assistant treasurer, GERARD HALLOCK.

KENNETH C. BELL, in charge of the Chase National Bank's insurance department, has been appointed vice-president and cashier to succeed ALBERT J. EGGER, who is retiring after more than 40 years with the bank. Mr. BELL, secretary of the Chase board, has been a vice-president of the bank since 1942. For 11 years, beginning in 1937, he lectured on insurance at The Graduate School of Banking. He is president of the Canadian Society of New York.

OSCAR G. SCHALK, comptroller of the Mercantile-Commerce Bank and Trust Company and of Mercantile-Commerce National Bank of St. Louis, has retired after 46 years in banking.

(CONTINUED ON PAGE 20)

The Industrial Bank of Commerce, New York, celebrated the "billionth dollar customer" of its personal loan division with a ceremony at which it gave Edward T. Pinckney, the customer, a cancelled note for his \$690 loan, a \$1,000 Savings Bond, and \$50 thrift accounts for his two children. The awards were presented in the bank lobby by Acting Mayor Impellitteri of New York. Pictured, l. to r., State Senator MacNeil Mitchell; Wallace D. McLean, chairman of the bank's executive committee; Arthur J. Morris, board chairman and founder of the bank; President Walter E. Kolb; Mr. Impellitteri; Mr. and Mrs. Pinckney; and Director Gene Tunney



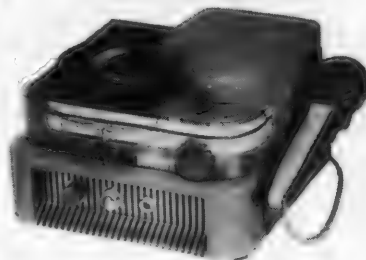
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(CONTINUED FROM PAGE 18)

HARVEY EMERY, vice-president of Bankers Trust Company, New York, becomes president of the First-Mechanics National Bank of Trenton, New Jersey, on January 1, succeeding James Ringold who retires on that date. Mr. EMERY was Special Assistant to the Assistant Secretary of the Navy for Air from 1942-45.

Ward Succeeds Allison at Equitable Trust

RODMAN WARD, vice-president and trust officer of the Equitable Trust Company, Wilmington, is now vice-president in charge of the trust department, succeeding vice-president JAMES W. ALLISON, who will retire from active service at the end of the year.

Mr. ALLISON, a former president of the Trust Division, American Bankers Association, will continue as a vice-president of Equitable until his retirement. He will also continue to serve as chairman of the Trust Division's Committee on Relations with Supervisory Authorities, and as a director of his bank and a member of the board's trust committee.

Mr. WARD made important contributions to the Division's common trust fund handbook, and was active for several years on the Committee on Common Trust Funds. He is a past chairman of the trust company section, Delaware Bankers Association.

A new 50-student residence hall now being built at Centenary Junior College, Hackettstown, New Jersey, will be named Van Winkle Hall in honor of CHARLES A. VAN WINKLE, president of the Rutherford (New Jersey) Trust Company. Mr. VAN WINKLE was a founder of that bank and has been its president since 1916. He also helped organize the First National Bank of Garfield and has been active in real estate and insurance. He is a trustee of the college.

(CONTINUED ON PAGE 22)

J. W. Allison

C. A. VanWinkle





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(CONTINUED FROM PAGE 20)

LLOYD U. JEFFERSON has been
elected assistant cashier of the
State-Planters Bank and Trust
Company, Richmond.

F. M. BANKS, president of South-
ern California Gas Company, is a
new director of Union Bank & Trust
Company, Los Angeles.

DAVID R. YOUNG has been made
an assistant treasurer of Bankers
Trust Company, New York.

Industrial Trust Company of Prov-
idence, Rhode Island, announces the
election of RALPH L. FLETCHER, JR.,
as assistant secretary.

NEIL M. BUCHEN has been ap-
pointed auditor of the South Shore
National Bank of Chicago.

JOHN T. SELL has withdrawn from
the Oregon legislature and joined
The Dalles branch of the First Na-
tional Bank of Portland as an as-
sistant vice-president. He was on
the bank's staff several years ago.

GUY C. HAYNES, a director of the
Yamhill (Oregon) State Bank, has
been made president, succeeding the
late J. M. WILLIAMS.

HERMAN F. HAHN, president of
Union Bank & Trust Company, Los
Angeles, is chairman of the city's
1950-51 Community Chest.

Valley National Bank of Phoenix
has promoted OSMOND A. BURTON
to assistant comptroller.

MRS. LILLIAN DOLDE has been pro-
moted to assistant vice-president at
Albuquerque National Bank.

DEAN VOGEL, formerly a vice-
president at the Live Stock National
Bank of Omaha, has joined the staff
of the United States National Bank
of that city as vice-president.

(CONTINUED ON PAGE 24)



Dean Vogel



Mrs. Dolde



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(CONTINUED FROM PAGE 22)

RENE H. M. MASSON has been named auditor at the Paris office of Guaranty Trust Company of New York.

GEORGE W. MILNE, formerly vice-president and manager of the Sturgis (South Dakota) office, First National Bank of the Black Hills, is now president of the GUARANTY STATE BANK & TRUST COMPANY in St. Cloud, Minnesota. He succeeds ROBERT P. HOWE, resigned, who plans to continue in banking at Fulda, Minnesota. LAVERN MITCHELL of the First National's Deadwood office has been made vice-president and manager at Sturgis.

ROBERT C. HUMPHREY has succeeded FRED H. GREEN as cashier of the Commercial National Bank, Peoria, Illinois. FERD B. CHUSE was promoted to assistant vice-president and assistant cashier. MR. GREEN resigned to enter business.

SELDEN CLARK has been made vice-president of Bank of America in the corporation and bank relations department. He will divide his time among Southern California, New York City, and the eastern states.

Central National Bank of Cleveland promotions includes THOMAS W. HARRIS as assistant comptroller and ALVIN G. RANDT as assistant cashier.

First National Bank of Arizona, Phoenix, has appointed ROBERT H. WHITACRE assistant vice-president. He was recently with the Southern Arizona Bank and Trust Company, Tucson.

CHARLES A. KANTER, chairman of the board of The Manufacturers National Bank of Detroit, was elected a director of National Steel Corporation.

ROBERT O. BROWN, former Indiana certified public accountant, has joined the Merchandise National Bank of Chicago as auditor.

CHARLES F. BAILEY, formerly auditor of Colonial Trust Company, New York, has been appointed to the new post of comptroller. JOHN VAN TASSELL succeeds him as auditor.



H. H. Juergens



Gordon Crossett

HAROLD H. JUERGENS has been elected a vice-president of Central National Bank of Cleveland, and made manager of the real estate mortgage loan department.

The First National Bank of Memphis has promoted GORDON CROSSETT to a vice-presidency.

Peoples First National Bank & Trust Company, Pittsburgh, has elected RICHARD W. SHEETS assistant secretary and REGIS A. WURDACK assistant cashier.

WILLIAM A. COULTER, a trust examiner for the Federal Reserve Bank of Cleveland, has been appointed trust officer of The Merchants National Bank and Trust Company of Meadville, Pennsylvania.

R. E. ORCHARD has been made executive vice-president of The Hastings (Minnesota) National Bank. RICHARD W. PEAVEY succeeds him as cashier.

THANKS A. ANDERSON has been appointed a vice-president of the First National Bank of Arizona. He is manager of the Tempe office.

ARTHUR H. QUAY, president of First National Bank of Minneapolis, has been elected vice-president and a director of First Bank Stock Corporation, Minneapolis. He succeeds the late HENRY E. ATWOOD, former president of the First National.

GEORGE B. CLIFTON, vice-president and investment officer of The County Trust Company, White Plains, New York, has retired after 21 years of service.

HAROLD G. TOWNSEND, president of The Trust Company of Chicago since 1933, has joined LaSalle National Bank as vice-president and trust officer. In taking this step Mr. TOWNSEND joined other associates

who have moved to LaSalle's trust department during the liquidation of the trust company.

S. ORAM FARRAND has been elected treasurer of the Verona (New Jersey) Trust Company.

G. NORMAN BACON was elected assistant treasurer of the Marine Trust Company, Buffalo.

ALBERT W. MILLS was named vice-president of the Federal Reserve Bank of Minneapolis, succeeding OLIVER S. POWELL, who recently resigned to become a member of the board of Governors of the FRS. Mr. MILLS was formerly vice-president and cashier of the bank.

KENNETH L. PETERSON, formerly of Terre Haute, has joined the Irwin-Union Trust Company of Columbus, Indiana, as assistant cashier.

EDWARD L. WATSON has been named assistant secretary of The Dime Savings Bank of Brooklyn, and manager of the Coney Island branch.

STEWART FORSHAY is a new vice-president of the Excelsior Savings Bank, New York City.

Emigrant Industrial Savings Bank of New York has appointed ARTHUR J. MORRIS to its financial vice-presidency. Mr. MORRIS has been a vice-president of The New York Trust Company.

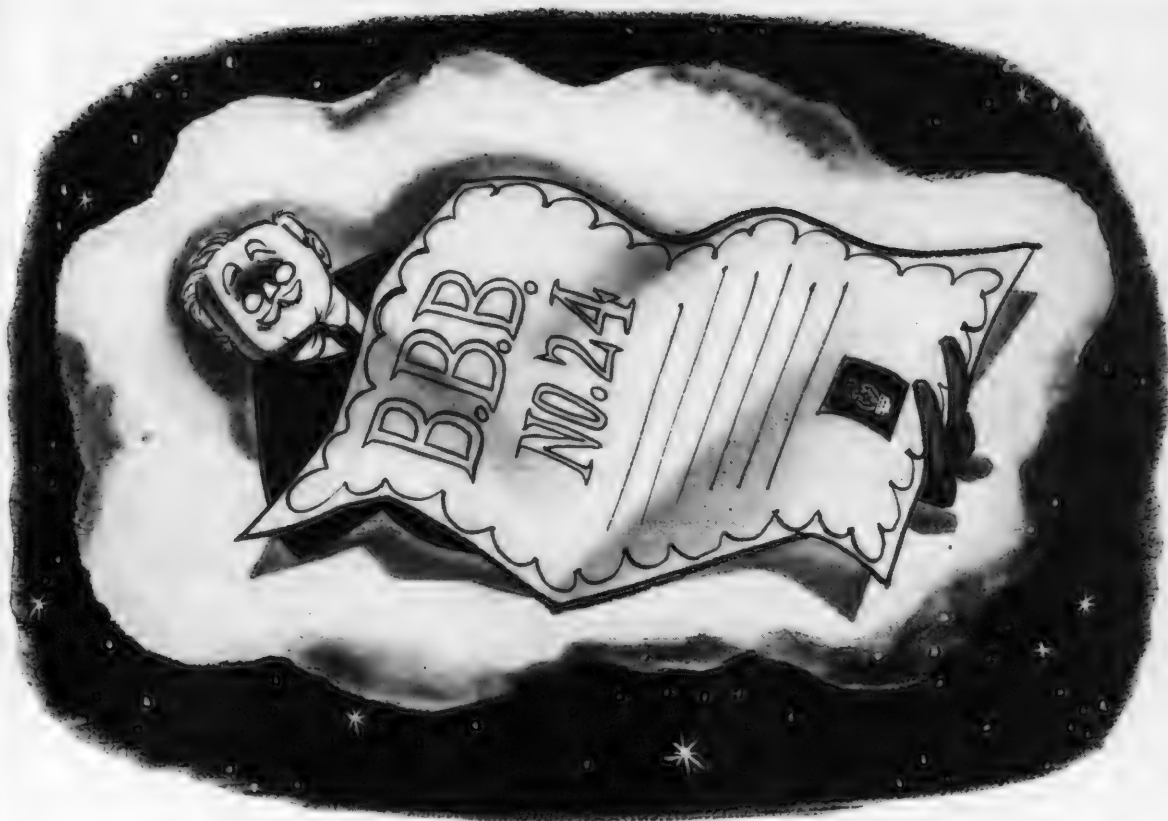
L. E. (LEW) WILLIAMS, vice-president of the United States National Bank of Portland, Oregon, has retired after more than 40 years in banking in that city. He was appointed manager of the bank's foreign trade department in 1930 and was president of Portland Chapter, American Institute of Banking, when the A.I.B. held its 1922 convention there.

(CONTINUED ON PAGE 26)

L. E. Williams

A. J. Morris





When a banker sleeps like a baby

Sleep comes easy to bankers who are protected by BBB No. 24! They know they have the broadest coverage available against loss of money, securities and other property.

BBB No. 24 is the most modern, most thoroughly protective form of Blanket Bond for Bankers. For instance, its coverage applies *automatically* to all the Insured's offices and/or branches in existence when the bond is written, or later established, unless they are specifically excluded by location.

The bond covers not only the named Insured, but also all nominee partnerships composed of officers and employees. The list of contingencies specifically insured against is strengthened by the words "through being lost or otherwise made away with."

Investigate all *twenty-three* features of BBB No. 24. Ask an Agent of Indemnity Insurance Company of North America to give you all the facts. If you don't know who he is, write us, and we'll be glad to introduce him to you.

Insurance Company of North America, founded 1792 in Independence Hall, is the oldest American stock fire and marine insurance company. It heads the "North America" companies which meet the public demand for practically all types of Fire, Marine and Casualty insurance, Fidelity and Surety Bonds. Sold only through Agents or Brokers.



**INSURANCE COMPANY OF
NORTH AMERICA**
COMPANIES, *Philadelphia*

Insurance Company of North America
Indemnity Insurance Company of North America
Philadelphia Fire and Marine Insurance Company

Florida's POPULATION
UP 44 PER CENT SINCE 1940

In the brief period of ten years, Florida's population has increased by almost one half, according to statistics from the United States Census Bureau. Thus Florida ranks as the fastest-growing state east of the Mississippi River.

More People = New Markets

OPPORTUNITIES FOR BUSINESS, INDUSTRY

Florida's amazing growth on all fronts means profitable new markets for business and industry. In 15 major categories, Florida's gains are well above the U.S. average. For promising new opportunities, look to fast-growing Florida—the Sunshine State.

Plant sites or completed buildings to meet all of your needs are available in the State of Florida—sites that are near well-equipped ports, with railroad facilities, and near major highways and air terminals.

With an ample supply of skilled, cooperative labor, Florida is particularly interested in industry in which workmanship, and not raw materials, has the important role.

FREE FOLDER ON FAST-
GROWING FLORIDA'S
OPPORTUNITIES



If you're interested in going into business in Florida, write us, stating type of business. We will send you helpful information.

STATE OF FLORIDA
709 E. Commission Bldg., Tallahassee

(CONTINUED FROM PAGE 24)

J. MILLS EASTON, second vice-president and manager of advertising and public relations at The Northern Trust Company, Chicago, has retired after 25 years of service. He was the first president of the Chicago Financial Advertisers Association and has been an officer of the Financial Public Relations Association. For three years he has lectured at the Central States School of Banking.

DAVID H. HARSHAW, president of the John B. Stetson Company, has joined the directorate of The Pennsylvania Company for Banking and Trusts, Philadelphia.

Promotions at the Community Trust Company, Bloomfield, New Jersey: Secretary, HENRY E. RUETH; treasurer, CHARLES ZALENSKI; assistant treasurer, REED P. EVERETT; assistant secretary, ROBERT VAN DERSTINE.

ROY C. HERRENKOHL is now a vice-president of the Colonial-American National Bank of Roanoke, Virginia, in charge of new business.

GORDON MCRAE has been made assistant vice-president at the main office of the Seattle-First National.

A man has to decide whether to borrow money to live on or to pay his taxes with.

Words may count in a telegram, but they don't mean a thing to some public speakers.

Statues are so often erected for the dead we are surprised none has been put up for Economy in Government.

A democracy may be ushered in by a Liberty Bell, but it is ushered out by dumbbells.

A Cleveland hen lays flat eggs. Probably been listening to the radio comedians.

The owner of an electric blanket is the only person who can afford to be asleep at the switch.

Nowadays parents not only worry how their children are going to turn out but also when they are going to turn in.

When You Think of PITTSBURGH'S Highway Development



In the Pittsburgh district, construction is well under way on the 50-million dollar Penn-Lincoln Parkway to link the Golden Triangle with U. S. Routes 22 and 30 and the famed Pennsylvania Turnpike. This is the first of 21 integrated highway projects which will speed traffic into and through Pittsburgh.

These broad, multiple traffic lanes will augment Pittsburgh's excellent air, rail, and water transportation facilities. But more efficient transportation is just one of many good reasons why Pittsburgh may well be your "land of opportunity." To secure more information—to get the complete picture of Pittsburgh's bright business outlook, write today to The Pittsburgh Industrial Development Council, Pittsburgh 19, Pennsylvania.

And for your correspondent banking needs, Peoples First National . . . with 18 completely staffed offices . . . is in excellent position to serve you and will welcome such opportunities.

PEOPLES FIRST NATIONAL

BANK & TRUST COMPANY

Pittsburgh 30, Pa.

Member F.D.I.C.

The Green Point Savings Bank of Brooklyn has appointed JOHN W. RABER secretary to succeed FRANK S. HARLOW, who has retired after 65 years with the bank.

MARION E. WELLS is manager of the new Eagle, Idaho, branch of the Idaho First National Bank. The assistant manager is WILLIAM B. BALLARD.

The Bank of California, San Francisco, announces the promotions of ALFRED W. BOLE and J. WALTER PROCTOR to assistant trust officer and assistant secretary.

GERTRUDE S. CLAYTON has been elected assistant secretary of The Montclair (New Jersey) Savings Bank.

Promotions at the Anglo California National Bank, San Francisco: Vice-presidents, JOSEPH J. PAUSNER, EDWARD M. LANDIS, GEORGE W. HEUERMANN; assistant vice-presidents, JOHN R. DRYDEN, EDWARD J. SCHNEIDER.

THOMAS F. HAWKES, comptroller of the First Security Corporation system of banks in the west, has been elected vice-president of the corporation.

REYNOLD E. HALLETT, former assistant cashier at the Belmont National Bank of Chicago, has been appointed vice-president of the Park National Bank of Chicago.

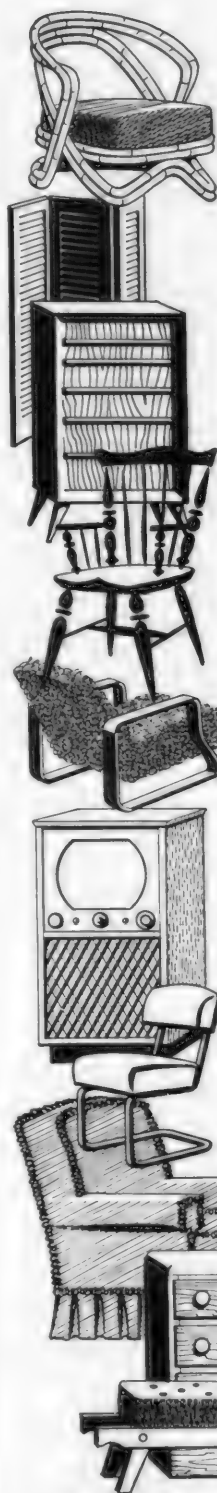
JERRY J. NOLAN, formerly with the Mercantile National Bank, Dallas, has joined the staff of the Empire State Bank of that city as vice-president.

Assistant Vice-president CHARLES J. FEEHAM of Central Bank of Oakland has retired after 45 years in banking.

Mrs. BEE BUSH has been made an assistant vice-president of the Valley National Bank, Phoenix, Arizona.

News About Banks

The 64th anniversary of the NATIONAL BANK OF EASTERN ARKANSAS, Forrest City, was marked by a special section of the local *Times-Herald*. Reviewing the history of the bank, the paper also described the results of the bank's moderniza-



SECURITY-FIRST NATIONAL BANK

OF LOS ANGELES

Statement of Condition

September 30, 1950

RESOURCES

Cash and Due from Banks.....	\$ 278,954,596.59
U. S. Government Securities	\$949,874,205.08
State and Municipal Securities	49,334,948.29
Other Bonds and Securities	15,300,368.71
Loans and Discounts.....	400,511,460.54
Earned Interest Receivable.....	5,211,258.37
Customers' Liability under Acceptances and L/C	3,435,392.68
Bank Premises	4,141,450.46
Equipment	453,751.82
Other Assets	104,047.65
TOTAL	\$1,707,321,480.19

LIABILITIES

Capital	\$ 30,000,000.00
Surplus	30,000,000.00
Undivided Profits	\$ 90,000,000.00
Reserves for Contingencies, Interest, Taxes, Dividends	22,488,503.11
Interest Collected—Unearned	3,538,423.40
Acceptances and Letters of Credit Liability	3,469,150.78
Other Liabilities	144,391.08
Deposits—Time	\$614,173,908.64
—Demand	973,507,103.18
TOTAL	\$1,707,321,480.19

Securities carried at \$128,967,385.98 are pledged to secure trust funds and U. S. Government, State and other Public Monies, and for other purposes as required or permitted by law.

BOARD OF DIRECTORS

George M. Wallace, Chairman
James E. Shelton, President

Elmo H. Conley	Robert E. Gross	John J. Pike
L. W. Craig	Ralph B. Lloyd	Chester A. Rude
Shannon Crandall	Maynard McFie	Elbridge H. Stuart
Thomas A. J. Dockweiler	William B. Munro	Edward R. Valentine
Gabriel C. Duque	Gurney E. Newlin	C. T. Wienke
James B. Gist	John O'Melveny	Dr. John C. Wilson
	Fred B. Ortman	

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

IN HOUSEHOLD FURNITURE production, the Los Angeles Metropolitan Area ranks third in the nation—topped only by New York and Chicago. Government figures indicate industry employment in excess of 10,000—annual value added by manufacturers at approximately \$50,000,000.

Take this opportunity to increase your Blanket Bond at reduced cost!

Rates are now lower because —

- specific charge for misplacement protection is now eliminated
- premium for Securities Insuring Clause E is now based on amount of loans and discounts (instead of number of employees and locations).

But, today's embezzler is *not* reducing his take—often more than the bond!
No bank can afford to be without blanket bond protection in amounts proportionate to its operations.

You can apply your premium savings toward increasing your present bond and adding Clause E. Call our nearest agent or your own broker today—he'll have one of our Bank Protection Specialists re-survey your bonding needs.

AMERICAN SURETY GROUP

AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY
SURETY FIRE INSURANCE COMPANY

100 Broadway, New York 5, N. Y.

"DEPENDABLE AS AMERICA"



tion program. Features in the four-page section included individual stories on and pictures of each staff member, including President W. W. CAMPBELL.

The FORT WORTH NATIONAL BANK has announced plans for a new 15-story office building and banking quarters. The bank will occupy four floors, including the ground floor and basement. The site, acquired earlier this year, faces 200 feet on West Seventh Street, 125 feet on Main Street, and 150 feet on Houston Street. Fort Worth's largest office building will be completed, it is expected, by mid-summer, 1952. The bank's 110,000 square feet of floor space will include a lobby 200 feet long.

EMIGRANT INDUSTRIAL SAVINGS BANK of New York, observed its 100th anniversary with a dinner for the entire personnel. At the close of its first business day, September 30, 1850, 20 depositors had entrusted \$3,009 to the new bank. As of July 1, 1950, depositors numbered 307,228 and deposits exceeded \$600-million.

The CITIZENS NATIONAL BANK of Bicknell, Indiana, celebrated a double anniversary: its 50th birthday and President J. L. DONALDSON's completion of a half century with the bank. Starting as cashier, he has been active head of the institution since its beginning.

NORTHWEST BANCORPORATION of Minneapolis has acquired the controlling interest in the American Exchange National Bank of Virginia, Minnesota.

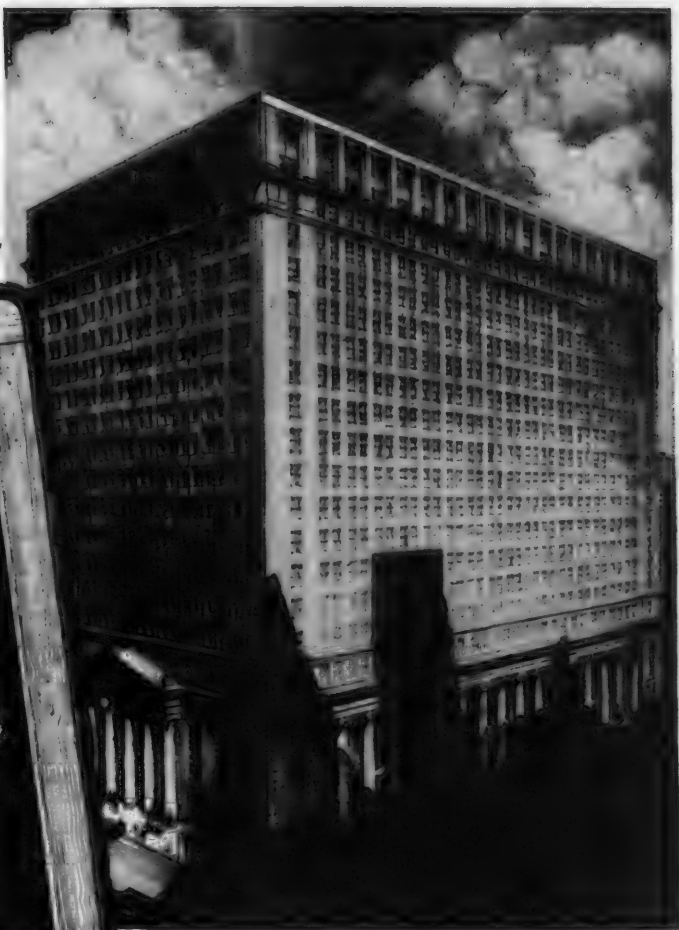
The SOUTH NORWALK (Connecticut) SAVINGS BANK, established in 1860, has moved into a new home.

Consolidation of the NORTH SIDE BANK, Evansville, Indiana, with the OLD NATIONAL BANK of that city, has been completed.

BANK OF MONTREAL is planning its first drive-in branch, to be built in the bank's home city.

Bankers from Virginia, Maryland, North Carolina and West Virginia attended the two-day fall conference of THE BANK OF VIRGINIA in Richmond.

(CONTINUED ON PAGE 30)



MANY of our correspondent banks have found that this relationship adds experienced men and women and extensive facilities and resources to their own organizations.

When a problem arises—yours or your customer's—we welcome

the opportunity to work with you. You have at your disposal all of our experience and facilities.

"Your Chicago Correspondent" is a booklet outlining the many things we can do for you. We'll be glad to send you a copy.

Continental Illinois National Bank and Trust Company of Chicago

LOCK BOX H, CHICAGO 90, ILLINOIS

Member Federal Deposit Insurance Corporation

Old Oil—Modern Service

The oil fields of Western Canada are extensions of an ancient oil-bearing formation running from the Gulf of Mexico to the Arctic Circle.

With nearly 100 branches in the Canadian oil country, and on-the-ground knowledge of problems and conditions, The Canadian Bank of Commerce is uniquely equipped to aid oil and allied industries with constructive, efficient banking service.

We invite responsible oil men to call on us.

These facilities are at the disposal of American banks in behalf of their customers.

**The Canadian Bank
of Commerce**

Head Office—Toronto
New York • San Francisco • Los Angeles
Seattle • Portland, Ore.
and nearly 600 Canadian Branches

*(The Bank does not advise on
the merits of oil securities)*



(CONTINUED FROM PAGE 28)

ANGLO CALIFORNIA BANK plans to open its 12th San Francisco office in a new housing development.

Banking authorities have granted a charter for the RIVIERA BEACH BANK IN FLORIDA. Active officers will be HARRY V. NYE, president, and ROY CUTHRELL, vice-president and cashier. Mr. NYE is now vice-president of the First National Bank in Palm Beach and Mr. CUTHRELL is vice-president of the First National Bank in Lake Worth. The new bank, expected to open early in 1951, has capital of \$100,000, surplus of \$50,000, and undivided profits of \$25,000.

The Mercantile National Bank of Dallas recently held its fifth annual trust forum.

The MERCHANT'S AND FARMER'S BANK of Kosciusko, Missouri, recently reached its 60th anniversary.

The DIME SAVINGS BANK of Akron, Ohio, and the BANK of CLARKSDALE, Clarksdale, Mississippi, are among institutions recently celebrating 50th birthdays.

The FIRST NATIONAL BANK of CHICAGO will hold its fourth conference of bank correspondents on November 27 and 28. More than 750 bankers are expected.

The PLYMOUTH (Massachusetts) SAVINGS BANK had an open house for public inspection of its remodeled building.

The BANK of COMMERCE of Sheridan, Wyoming, has a remodeled home featuring a large mural by Bernard Thomas depicting the history of the area from pioneer days to the present.

AMERICAN TRUST COMPANY of New York held a housewarming to mark completion of an extensive renovation of its Wall Street building.

The BOWERY SAVINGS BANK of New York has announced plans for building a branch, together with what it calls a "modest" housing project, in the heart of Harlem. The site will encompass the branch, modern stores and offices, and some residential units.



BANK DEPARTMENTAL CUSTOMER SEATING

That Says:

"You're Welcome.."



Every executive who is public-relations conscious realizes the increasing importance of pleasant, comfortable customer seating. This seating is needed particularly in specialized departments such as mortgages, loans, trust, insurance, safety deposit, etc. SIKES Colonist Craft furniture has a warmth and inviting hospitality that will make your clientele feel "at home." Finished in mellow "Butterscotch," it reflects strength, character, and an air of informality.

Typical of many pieces is this No. 7452 High Back Chair . . . comfortable and authentic New England in every detail. Write Sikes for descriptive literature on this distinctive line and the name of your nearby Sikes dealer.

SIKES furniture

THE SIKES COMPANY, Inc.

24 CHURCHILL STREET, BUFFALO 7, N. Y.



"Which way to The First National?"



Alas, if only these banking gentlemen faced a more routine problem—like deciding which adding machine proves *most useful most often in most places in a bank.*

There we could steer them straight . . . to a Monroe 410 Adding Machine. For this work-hungry Monroe with its huge appetite for figures is as versatile as it is efficient. Exclusive "Velvet Touch," matchless simplicity, unique Rhythm-add cadence of operation make the Monroe a topflight assistant wherever it's put to work in a bank. So efficient, in fact, operators using Rhythm-add report an amazing increase in speed and output after only the first three days of operation.

Your local Monroe office, listed in the classified telephone directory, will be glad to show exactly how and why this machine will solve *your* figuring problems—swiftly, efficiently, economically. Call today.



MONROE 410 GIVES YOU...

- ☆ Glareless Cushion-topped Keys
- ☆ Direct Subtraction
- ☆ "Velvet Touch" Ease of Operation
- ☆ Automatic Credit Balance
- ☆ Versatility

and other outstanding features, plus unexcelled service by specially trained representatives

MONROE

MACHINES FOR BUSINESS

Monroe Calculating Machine Company, Inc., General Offices, Orange, N. J.



LOOKING FOR A BUILDING LOCATION?

The present trend toward decentralization has resulted in many enterprises seeking new sites for manufacturing, processing, distributing, warehousing or other purposes.

Union Pacific offers its services in providing essential and comprehensive information regarding properties available in eleven western states.



Our Industrial Development Department has assembled maps . . . photos . . . facts and figures on raw materials, utilities, taxes, transportation, native labor . . . and other pertinent data covering scores of available properties in the "Union Pacific West."

Enterprises located on or near Union Pacific trackage have access to unexcelled shipping facilities.

Requests for information will be handled promptly and confidentially.

For information
regarding available sites,
write Industrial Department,
Union Pacific Railroad,
Omaha 2, Nebr.



BE SPECIFIC: *Ship* UNION PACIFIC

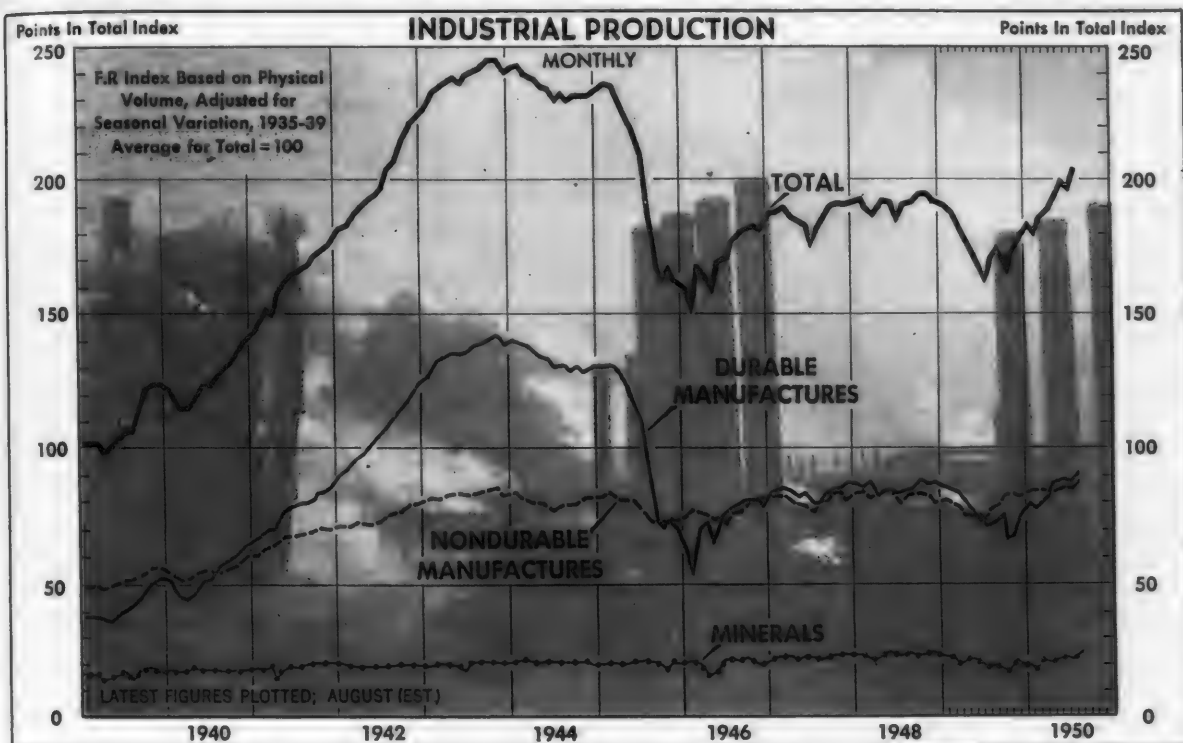


PHOTO FROM GENDREAU. CHART BASED ON FEDERAL RESERVE DATA

Bank Credit and the Riddle of Inflation

A LARGE volume of credit is absolutely indispensable to maintaining a high level of industrial production and rapid distribution of goods through wholesale and retail channels to ultimate consumers.

At this time, credit policies or Government-imposed credit controls so restrictive that they may curtail the output or distribution of goods and services simply add to the inflationary forces already at work.

Sharp curtailment of bank lending would result in an equally sharp reduction in the physical output of industrial and consumers goods. A lessened supply of these goods would result in further price rises and inflation would be stimulated by the

very instruments used in an effort to hold it in check.

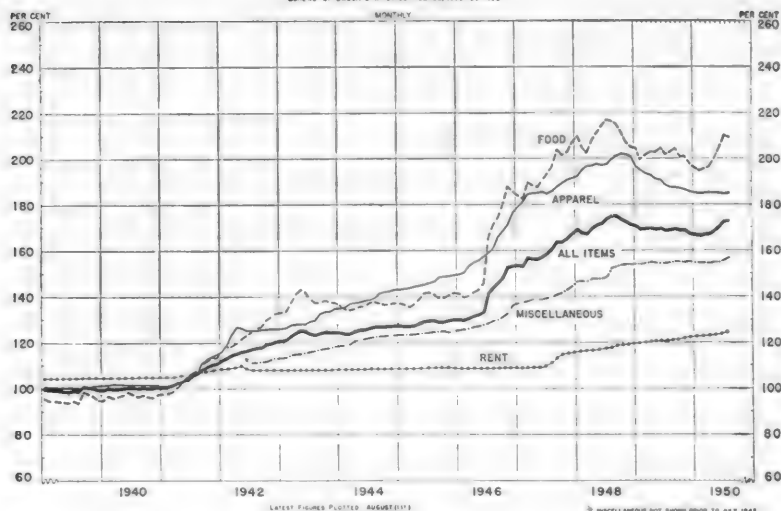
Controls over the supply and availability of bank credit under present conditions are an extremely ineffective weapon against inflation. The principal reason why they are not effective is that they do not attack the basic sources of inflation. The causes of inflation in this country today are:

(1) Prolonged deficit spending and financing by the Government, and the growth of the Government's debt. Commencing before World War II, this debt expansion, based in large measure upon the use of credit provided by the Federal Reserve and commercial banks, has helped bring about a more than four-fold expan-

sion of demand deposits and money in circulation, as compared with only a doubled increase in the nation's physical productive capacity. A very substantial part of the increase in the Government's debt resulted from the war and our foreign aid program in the postwar period. Nevertheless, Government spending and the increased debt have stimulated inflationary price rises, because they have expanded the money supply to a point where it vastly exceeds the capacity of the nation to produce.

(2) Direct lending by Government agencies and Government loan guaranties and insurance. Government guaranties and insurance of real estate and business loans, for long terms at low rates, have greatly

CONSUMERS' PRICES



expanded the demand for and availability of credit, particularly in the housing field. It can only be hoped that Regulation "X" will reduce real estate lending without reducing home construction too sharply.

(3) The Government's influence on price levels, through such means as farm subsidies, artificial price supports, and constantly higher wage labor policies. These have added to production costs and have raised prices on both the wholesale and retail levels. The consumer pays for this.

(4) Expansion of loans by non-bank lenders. Lenders other than the banks have greatly increased their real estate and industrial loans in recent years, and still more in recent months, because they have experienced a tremendous increase in their lendable funds, and they are constantly compelled to seek new earnings sources through investing and lending their funds.

Unless and until convincing and effective action is taken by the Government to restrict its unnecessary nonmilitary expenditures, to lessen further the amount of lending it has sponsored through its loan and loan-guaranteeing agencies, and to reduce artificial price supports and subsidies, and ease its constantly expanding wage policies, controls over the lending activities of the commercial banks will be an ineffective and potentially harmful instrument in the fight against inflation.

There are encouraging signs now, and others are on the immediate

horizon. Hoarding by the public and unwarranted inventory increases by business and industry appear to be declining. Price reductions have already begun to occur in a number of commodities and raw materials. Income taxes, which increased on October 1, will syphon off some of the excess purchasing power in the hands of the public and further ease the strain of excessive consumer buying in recent months. Excise taxes on certain items will go up on November 1, and will tend to discourage some consumer buying of these items. Because of increased income taxes and higher revenues from other levies, the Government

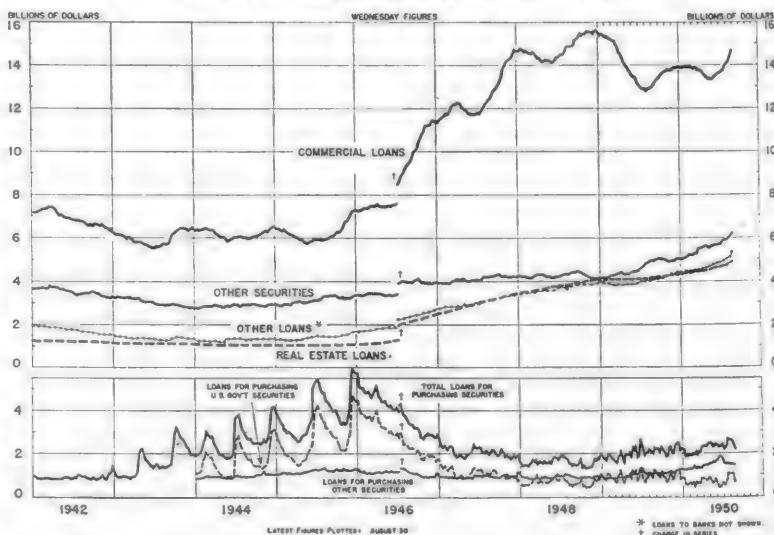
will not need to engage in further deficit financing, until next spring, at least. The Treasury will be able to operate comfortably on a probable average cash balance of about \$5-billion, and the new Congress will enact further tax increases after it convenes in January.

The limited effectiveness of credit controls by the Government to curb inflation should be recognized. The banks should continue their voluntary campaign to confine their loans to productive purposes, and extreme caution should be used by Government agencies in applying further controls which may result in stimulating inflation, instead of helping hold it in check.

The primary result of any increase in bank reserve requirements is a further transfer of Government securities earning assets from the commercial banks to the Federal Reserve banks. There is no contraction of bank credit outstanding. A second result is that sales of Government securities by the banks to meet higher reserve requirements creates further pressure on the Government's borrowing rates. This strengthens the hand of the Federal Reserve in its conflict with the Treasury.

Increases in reserve requirements will have no effect in curbing inflation or retarding price rises, however. If this step is regarded by the Federal Reserve as an anti-inflation measure, which it cannot actually be so long as the banks have ample

MEMBER BANKS IN LEADING CITIES LOANS AND INVESTMENTS OTHER THAN U.S. GOVERNMENT SECURITIES



amounts of Government securities to sell and thus acquire additional reserves, it should have been taken several months ago, promptly at the outbreak of the Korean war.

The increase in bank loans since the outbreak of the war in Korea has been widely publicized in recent months. Statistics issued weekly by the Board of Governors of the Federal Reserve System indicate that total loans of reporting member banks have increased from \$25,584-million as of June 28, shortly after the Korean conflict began, to \$28,983-million as of October 4, the latest date for which figures are available at the time of going to press. This is an increase of \$3,399-million in the three-month period.

The total increase in bank credit outstanding has resulted largely from an increase of \$2,323-million in commercial, industrial, and agricultural loans, an increase of \$379-million in real estate loans, and an increase of \$697-million in other loans, which consist largely of consumer credit. Loans on Government securities and other banks, which are highly variable, increased \$161-million.

The rises in consumer credit and real estate loans throughout the summer have been due to two principal causes. These are, first, the surge of home buying and purchases of durable consumers' goods, which the public feared would be in short supply because it feared a rapid diversion of raw materials, labor, plants,

At the right, a booklet which was distributed by the American Bankers Association early in October. Published by the A.B.A. Credit Policy Commission, it contains explanatory material and forms pertaining to V-Loans

A booklet published by the Federal Reserve System, *Loan Guarantees for Defense Production*, discusses revised Regulation V and quotes pertinent sections of the Defense Production Act of 1950 and Executive Order No. 10161

and equipment to war production. Second, the public bought houses, automobiles, television sets, refrigerators, and other durable goods very heavily in July, August, and early September because buyers wanted to finance their purchases under more liberal credit terms existing before anticipated Government controls were established on these two types of loans under the Defense Production Act of 1950.

A substantial part of the increase of \$1,915-million in commercial, agricultural, and industrial loans since last June is due to the normal, sea-

DEFENSE LOANS

Announcement

TEMPORARY
REGULATIONS

on

V-LOANS

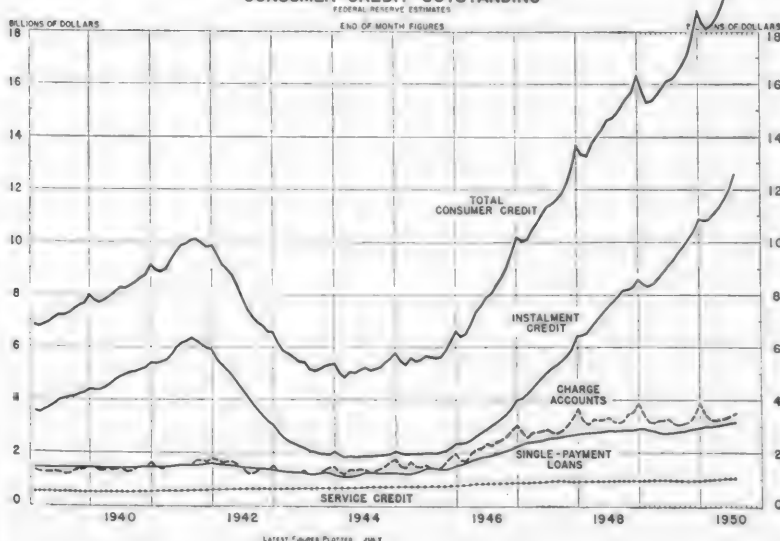
CREDIT POLICY COMMISSION
AMERICAN BANKERS ASSOCIATION
17 South 34 Street, New York

sonal increase in these loans which occurs during the summer and fall months of every year. About one-sixth of this total represents agricultural loans. Exact comparisons of this seasonal increase, year by year, are not possible, but we conservatively estimate the seasonal increase for this year to be well over \$850-million, or 45 percent of the total increase in agricultural, commercial and industrial loans since June. This is a normal growth for this time of year, and cannot be regarded as an expansion of bank loans resulting from inflation.

The Defense Production Act of 1950 directs that voluntary measures for controlling inflation should be instituted, under the authority of the President, among business concerns and industrial organizations. The President is authorized to apply price controls and certain other restrictions in those instances where voluntary effort appears to be of little effectiveness.

On July 18, 1950, almost two months before the Defense Production Act was passed, the American Bankers Association addressed a communication to all banks throughout the country, again asking them voluntarily to reinstitute a program of carefully screening all loan applications, to eliminate loans for unnecessary or speculative purposes, and to restrict credit to loans for productive purposes. The response of the banks has been one of full cooperation.

CONSUMER CREDIT OUTSTANDING





STARRIS & NEWING

Washington

The People at the Controls

LAWRENCE STAFFORD

BANK war credit controls are all dressed up and going places. Newest and most adventuresome of these is the brand new "Regulation X." This is the official name for the group of regulations setting forth minimum downpayments and maximum terms of repayment for financing newly-constructed real estate.

This is the first adventure of the Government into this particular regulatory field. The title of "Regulation X" might well connote an "X" for the unknown — the unknown quantity of what a change in a percentage ratio of loan to collateral will do to the world's greatest housing boom. Will it make possible nevertheless a very large volume of construction, or will it nip off low on the stalk the Jack-and-the-bean-stalk construction business? Only time will tell.

Officials did a lot of sweating and a lot of worrying trying to fathom the answer. They did it, however, in surprising harmony.

And they came with the answer that their regulations would cut all

housing construction in 1951 to 800,000 units, including restrictions not at first announced on credit for multi-family units.

On the one hand there is Raymond Foley, Administrator of the Housing and Home Finance Agency. HHFA has earned the reputation of being the champion of "Government credit," or those many devices built up through the years to encourage financing of homes under mortgages back-stopped with a Federally-sponsored insurance fund. Mr. Foley, before becoming head of HHFA, a sort of overall Federal housing supervisory agency, made a distinguished record as Administrator of the Federal Housing Administration.

On the other hand, there is the Federal Reserve Board, which has long looked with a critical public eye at the disposition of Federal assistance in the mortgage business to build up steam in the credit boiler during periods of inflation.

The actual mortgage credit regulations were broad. They imposed downpayments of a minimum of 10 percent on the lowest cost dwell-

ings to 50 percent on homes costing \$25,000 or more, with a differential for veterans ranging to 10 percentage points in the more numerous \$6,000 to \$12,000 bracket. Maturities of mortgage loans were limited to 20 years except for amortized, 25-year loans on houses costing \$7,000 or less.

Although, under the Defense Production Act, the regulations could not envelop existing houses if financed by banks or other conventional lenders, but only new construction, Government insured and guaranteed credit was by regulation brought under virtually the same terms.

The Board's member with direct administrative supervision over real estate construction credit is the newly-appointed Gov. Edward Lee Norton of Birmingham, Alabama, one time chairman of the board of the Birmingham Branch of the Federal Reserve Bank of Atlanta. Gov. Norton has had a wide business experience in banking, in radio, in real estate, and in the mortgage business.

Advice of the most seasoned char-

acter is offered Gov. Norton by a trio enlisted by the Reserve Board for the purpose. Charles T. Fisher, Jr., president of the National Bank of Detroit, Detroit, Michigan, took time off from his banking job to come to the capital city and head the Board's newly set up Office of Real Estate Credit. Mr. Fisher was a director of the Detroit Edison Company, the Briggs Manufacturing Company, and American Airlines, Inc. He had previously served in Washington as a director of the Reconstruction Finance Corporation.

The other two who advise Gov. Norton are Dr. Ernest M. Fisher of Columbia University, and Dr. Raymond J. Saulnier of Barnard College, Columbia University. Dr. Ernest Fisher was once director of mortgage and real estate finance for the A.B.A., and has had a leading national role in real estate studies. He was once also an official of the FHA. Dr. Saulnier is a professor of economics, and took leave from his scholarly duties to assist in the work of the Office of Real Estate Credit. Dr. Fisher serves as a part time consultant to the Board on this subject.

"Opposites" Harmonize

The harmony which prevailed between the "opposites" on the subject of real estate credit regulations was one of the better examples of cooperation to achieve an objective. Mr. Foley has been associated with the promotion of the guaranteed and insured credit agencies, and the Federal Reserve Board has been associated with the viewpoint of restricting credit.

A great deal of the harmony was explained by the high calibre of the men involved, and by the careful, studious approach of the Board. As it does with consumer credit regulation, the Board called in for conferences on the proposed "Regulation X" representatives of every facet of private industry which could have an interest in the sub-



Dr. Ernest M. Fisher



Dr. Raymond J. Saulnier

ject. The Board thus sought the widest possible range of advice, and Mr. Foley or his representatives were present at all these meetings.

Umpire Symington

Should the two bureaus with such opposite traditional viewpoints have failed to agree, this would have called into being the resources of another and comparatively new instrumentality, that which umpires what might be called "jurisdictional disputes" and differing viewpoints of the men who administer the potentially far-reaching controls of the Defense Production Act.

W. Stuart Symington heads this instrumentality. Mr. Symington is chairman and chief executive officer of the National Security Resources Board. That Board plans the overall civilian mobilization for war or near-war production. Hence Mr. Truman logically, in the Executive Order distributing the control powers of the Defense Production Act, named Mr. Symington coordinator of the entire program.

Under the Defense Production Act, Congress specifically delegated powers over the economy to the President. In the nature of things, the President cannot personally see to all the responsibilities delegated to him. So he in turn must delegate these powers to various Government agencies, as he did in fact in his Executive Order.

The Government agencies are numerous, diverse, and overlapping. Thus, there will always be differences of opinion between such agencies as the Interior Department, with power to control petroleum and

miscellaneous minerals, and the Commerce Department, with power to control the basic raw materials of industry. Mr. Foley's normal jurisdiction in the housing field includes FHA, public housing, Home Loan banks, to some extent the Veterans Administration, and the Federal National Mortgage Association. The Reserve Board's normal jurisdiction is over broad bank credit and monetary policies.

Thus when disputes arise anywhere as they will in the future, Mr. Symington will attempt to reconcile them. Since the President is the fount of all control power, it would be natural for officials in disagreement among themselves to turn to the White House to resolve their disputes. Mr. Truman foresaw this. He put Mr. Symington on the key spot where he can arbitrate and reconcile these disputes on behalf of the President.

He thus becomes the most powerful individual potentially in the controls program, next to the President himself.

Observers cannot recollect that such a natural and functional plan was ever quite achieved in the course of World War II.

The possibility that Mr. Symington may have a large "original jurisdiction" in all defense economic controls was raised when, reportedly at the instance of his own office, the Federal Reserve Board consumer credit regulation was modified just after being put into effect. (See also page 144.)

The Reserve Board's problem was to set up initial regulations to curb
(CONTINUED ON PAGE 116)

CHART CORRECTION

In the "pie" chart at the bottom of page 49, October BANKING, the type matter in the largest segment should read: "50¢ to be credited against assessment due July 15, 1951." The caption of the chart gives the date correctly.



The new officers of the Financial Public Relations Association."

"Now It's *This* Way in Our Bank"

JOHN L. COOLEY

CROSSING Boston Common en route to the Financial Public Relations Association convention the other day, this reporter made a short detour to cover another meeting. The participants were sundry males who, clustered around a bench, were concentrating closely on whatever business they had at hand. Their complete absorption in the project invited a reportorial investigation into its nature.

Arrival at the group's outer fringe revealed that the dozen men attending the event bore no kinship, except through Father Adam, to Mr. (The Late) George Apley. But their shortcomings in sartorial equipment and the graces of Beacon Hill were more than compensated for by their interest in what was happening within that circle of bowed, frayed backs. Motionless and as silent as the grave of Sam Adams down Tremont Street, the spectators stared at the central figures of their little drama—two old men playing checkers.

Your correspondent watched, uncritically, while the venerable proprietor of three kings fatally outmaneuvered, with stubby forefinger, the opposition's five or six pieces. Then the impromptu convention, suddenly articulate, took a recess to rest up for the rubber match.

Perhaps because the assignment at the FPRA meeting had made it acutely public relations conscious, BANKING was quite ready to conclude that it had just witnessed a very neat exemplification of P.R. on the municipal level. Further reflection yielded the thought that for some three centuries Boston had been demonstrating public relations, making the best possible use of such material as a tea party, Paul Revere, John Hancock, a massacre, the bean, the cod, and the banning of books and plays—good material, to be sure, and admirably handled.

Recounting the Common incident at the Statler an

hour later, BANKING was told, rather diffidently, by a native son:

"Oh, they play checkers over there every day. This is Bahston, you know."

All right, Mr. B. with the spacious A, maybe our little story isn't new. But what is public relations, anyway, if not the business of making friends with people? And that bit of homely, sedentary sport on the Common had made a friend for Boston. Somehow you like a city that upholds the right of two self-reliant old men to play checkers in public.

FPRA is the organization that helps banks make firmer friends, and at Beantown nearly 800 men and women (a record-breaking registration, by the way) worked overtime on ways of strengthening their institutions' ties with the public and with each other.

Putting into practice the P.R. friendliness it preached, this 35th annual gathering was a "Now-it's-*this*-way-in-our-bank" convention. There were one or two set speeches to sound the pitch, and then the bank people broke up into small groups for an informal, off-the-cuff exchange of practical, bread-and-butter methods in financial advertising, salesmanship and human relations. FPRA's substitute for prepared papers is audience participation in the clinics and conferences, a method that produces several hundred impromptu speeches,

*Shaking hands are, left, President Hugh J. Bernard, vice-president, Second National Bank, Houston, and First Vice-President S. H. (Jim) Chelsted, vice-president, Peoples First National Bank & Trust Company, Pittsburgh. The others, left to right: Third Vice-President L. L. Matthews, president, American Trust Company, South Bend, Indiana; Second Vice-president William B. Hall, vice-president, The Detroit Bank; Treasurer William O. Heath, vice-president, Harris Trust & Savings Bank, Chicago; and Executive Vice-president Preston E. Reed.

ranging from a three- or four-minute explanation of an idea that worked, to a simple, "Thanks, Ed. That answers my question."

Call the convention an idea factory and you'll have a close description. A note in the printed program offered the delegates some suggestions on how to use the products that were to be turned out during the four days in Boston.

"Remember," it said, "the main reason you are here is to take back something of future benefit. Take notes on what you learn. Seek out new ideas. When you return home, list what you have gleaned for your own use. Then put those ideas into action."

Well, the flow of ideas started at the opening session of the School of Salesmanship when Vincent B. Coffin, vice-president of the Connecticut Mutual Life Insurance Company, began his series of four talks on the application of selling techniques to the trust business. Continuing into the first general session with the message of President John N. Garver of Buffalo and an address by Lew Townsend of San Francisco on plus values in advertising, the idea mill ran on through 59 separate sessions totaling 85 hours of P.R. instruction and discussion. Except for one afternoon off for a Gloucester clam-bake and a tour of the Massachusetts North Shore, the delegates were on the job from 9 A.M. to 5:30 P.M.

(At this point your correspondent retreats into parentheses to admit he did not attend all 59 meetings. Neither, moreover, did anyone else. That goes for Pres Reed, the FPRA executive veep who seemed able to be in two places at once, but not six or eight, as perfect attendance would have required. It also goes for Jim Pritchard of Cleveland, the program chairman, who concocted that 59-85 combination; for Phil Barker of Quincy, Massachusetts, who, as the association's first vice-president, was general convention chairman; for President Garner and his successor, Hugh J. Bernard of Houston; for Phil Potter of Boston, president of the host organization, Financial Advertisers Association of New England. These gentlemen, whose official duties kept them in close touch with the convention, are hereby subpoenaed as corroborators of the statement that no one could take such a program on the hoof; you had to slice it to fit your own needs—which, of course, is what everybody did.)

Summing up, there were two general sessions; two luncheons (Boston's mayor, John B. Hynes, spoke at one; the Bay State's former Governor, Robert F. Brad-

ford, at the other); a banquet with Don Henshaw, Toronto advertising executive, the speaker; the School of Salesmanship; and a closing round table that answered delegates' last-minute questions.

But the bulk of the work—the intimate "it's-this-way-in-our-bank" part of the program—was done at the departmental conferences and the clinics. There were meetings on such broad subjects as commercial development for large and small banks, consumer credit, savings and mortgages, staff relations, and trust development. The smaller clinics broke down into newspaper advertising, employee training, customer relations, direct mail, radio and television, publicity, letter writing, window display, community relations, house magazines and staff notices, school programs, unusual services, sales programs, open house and anniversary celebrations.

Here was an opportunity—or rather, a big batch of opportunities—to learn what the other fellow was doing at these sensitive points of contact between banking and the public. The agenda at each meeting consisted of questions submitted in advance by the members, or drafted by the discussion leaders, and the delegates really went to work on each other's problems. Audience participation was the key to the convention's productivity. Everybody had a chance to talk, and nearly everybody did.

DRop in, for a few paragraphs, on the Customer Relations Departmental; it's an interesting sample of the FPRA at work.

The audience is about to discuss that always timely problem, lobby congestion.

"Let's get after this one," suggests the leader. A hand goes up. "All right, Fred," says the chair. "You're first." Fred (that isn't his name) reports that his bank published a little booklet explaining how service could be speeded up. The text, simple and direct, was friendly, and the reader realized the bank was really trying to eliminate or minimize "waiting in line."

Another delegate tells of success in using special tellers for special accounts like the local bus operator or the telephone company. Another says "problem accounts"—those that tie up tellers to the annoyance of other depositors—are asked to bring in their deposits before or after the bank's regular hours.

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John N. Garver, vice-president of the Manufacturers & Traders Trust Company, Buffalo, delivering his presidential report at the FPRA Boston convention.

L. E. Townsend, vice-president of the Bank of America, San Francisco, gave the keynote address: "Your Advertising — Does It Yield Plus Values in Public Relations?"



School Work

JOHN B. MACK, JR.

The author is deputy manager of the American Bankers Association, manager of the advertising department, and director of the Public Relations Council.

"THERE are a thousand hacking at the branches of evil to one who is striking at the root."

Henry David Thoreau could well have been contemplating the dilemma of American business when he penned those lines.

Here we have several million units of private enterprise, of which some fifteen thousand are banks. Being served by these factories, stores and service organizations are some one hundred and fifty million men, women and children.

The dilemma is this. The very millions who are being served by the American enterprise system, and to whom it has brought a fantastic measure of plenty, fail to understand, appreciate or support their own unique economic way of life.

So what has the business community done? As the extent of public lack of understanding unfolded in recent years, business at first was inclined to sulk. Then it expressed voluble resentment. And finally in the last year or two it has launched its great campaign of public education.

This educational program has largely been leveled at adults, and has taken the form of newspaper and radio advertising, billboards, car cards, magazine advertising, motion pictures, and printed literature—even comic books.

About this great "free-enterprise campaign" of American business, estimated to cost \$100,000,000 in 1950, *Fortune* in its September issue said: "It is not worth a damn."

Have we in banking been "hacking at the branches" in our efforts to attack public ignorance about our services, functions, and operations?

Perhaps our first real awareness

of this particular "evil" came in 1933, after the banking holiday. The stark truth about public lack of understanding and lack of confidence was brought home to us in a dozen different ways.

"No Time for the Kids"

Back there in 1933 some bankers started to talk about tackling the problem at its roots, in the nation's schools. "If we are ever to have public understanding of complex financial and banking facts on a broad case," they maintained, "bankers must help the schools to *teach* these facts."

In that crisis, unfortunately, another view prevailed: "Our problem is now! We haven't time for the kids."

Seventeen years have passed. Seventeen senior classes have graduated from the nation's high schools. The senior classman of '33 is now the 35-year-old newspaper editor, or the newly elected Congressman. The kindergarten tot of 1933 has gone through school, married, and just recently registered to vote in his first election.

These are the kids we didn't have time for. They are the adult public of today. And we might as well face the fact that any deficiencies in their knowledge about banking are at least partly our fault.

We can't blame the schools. They have tremendous problems of their own. The old, basic curriculum of reading, writing, and arithmetic are progressively being augmented by courses designed to achieve "education for living." The schools are well aware that 80 percent of all students finish formal education at high school, and that many of them enter life ill equipped to meet its problems. Yet the problems of our complex economy are so many and so varied that schools cannot teach everything to everybody. Many teachers are prompt to admit that even if they wanted to they couldn't

possibly find time to acquire basic training and to keep informed on the technical subject of banking unless that was their particular specialty.

Banking Education Is Banks' Job

We come to an inescapable conclusion. If there is to be an informed citizenry, having confidence in banks based on a thorough understanding of them, the bankers of the country must cooperate with the schools of the country to achieve that goal.

In one of its publications, the University of Iowa echoed this view from an educator's standpoint. This university publication said: "The majority of our textbooks, as well as many reference books, give a very brief treatment of a wide range of subjects. They do not furnish enough detail about any one subject to give students a real understanding of it."

Dr. Thomas H. Briggs, as director of the consumer education study of the National Education Association amplified this view by stating: "The desired materials usually are not in the textbooks and cannot be provided from the school's limited budget; so the teacher is receptive to such materials as are offered free of charge or at small cost."

The need exists. The schools are receptive. How about the attitude of business? "Business has a perfectly justifiable motive, as an important element of our society, in being concerned with how well our public schools do their job. The very existence of our economy, which business conducts, is dependent upon the calibre of democratic citizenship and statesmanship which the schools inculcate in our youth." So says Howard M. Cool, educational director of the National Association of Better Business Bureaus.

And at Last We're on Our Way

The year 1950, which marks the 75th anniversary of organized banking, witnessed a strong forward surge of banker interest in student education. Toward the close of 1949, two events took place which contributed much to this awakening of interest.

One was the beginning of the A.B.A. program of banking films for high school use. The other was the publication of the A.B.A. study, in manual form, entitled *Your Bank's Relations With Schools*.

The editor of a leading magazine

in the film field recently stated that in one year the A.B.A. film program had achieved a success surpassing any other educational film program that he knew about. Success in this area of education is not to be measured in terms of dollars spent, or number of schools covered, or number of prints sent out. It is rather the effective and resultful application of the educational material on a broad basis.

The A.B.A. film plan is unique; there is none other just like it. The easy way of film distribution is to produce films and send them out broadcast, hoping they will do some good. Substantial figures can be built up in this way.

The hard way is the path the banks have chosen. The local bank or group of banks gets in touch with local school officials, previews the film for them, gets acceptance of the film as a teaching tool. In the great majority of cases the prints are donated outright by these banks or groups to the school system, for classroom use. In the other cases, banks keep possession of the films and lend them to schools on request.

The net result has been a close, working arrangement between schools and banks. Each has gotten to know the other, to learn and appreciate the other's problems and point of view. Bankers all over the country have been drawn into the realm of education, and the experience has been exhilarating to most of them.

The films have been fitted into the school curriculums as each need dictated. Hundreds of voluntary statements from teachers give testimony to the fact that these films are doing a real job for banking.

So far two films have been finished and issued in this A.B.A. series. Here is the present score of sponsorships:

Sponsorships of A.B.A. School Films

	FILM No. 1 Pay to the order of	FILM No. 2 How Banks Serve
A.I.B. Chapters	54	19
Associations	133	64
Groups of Banks	98	35
Individual Banks	424	212
TOTALS	709	332

The second film, *How Banks Serve*, was issued only at the beginning of
(CONTINUED ON PAGE 122)



A group of guests of The Merchants National Bank at the luncheon at the 38th Street Branch. Left to right: J. Clayton Hughes, executive secretary, Federation of Indianapolis Public School Teachers; (standing) Paul E. Jones, secretary, Indiana Trust Company, and a new member of the Indianapolis Board of School Commissioners; Bruce Hoblitzell, director, Louisville Chamber of Commerce; Mildred Poulter, secretary-manager, Indianapolis Clearing House, and I. W. Cotton, chairman, Industry Leaders Committee of the Indianapolis Chamber of Commerce.

Indianapolis Teachers Visit Bank and Clearinghouse

THIS is a short report of the participation of two banks in the second annual Business-Industry-Education Day of Indianapolis. This event is sponsored by the Indianapolis School Board and the Indianapolis Chamber of Commerce. Seventy-six sponsoring firms of Indianapolis, including the banks, entertained and explained to 2,350 school teachers just how the various types of business firms function in everyday business life.

At The Merchants National Bank and The Indiana Trust Company the teachers were escorted to the respective board of directors rooms. The function of the commercial banking system and the part it plays in the free enterprise system were discussed thoroughly and the teachers were urged to observe carefully how all the various departments function. The usual bank tours then followed.

Arrangements were made for each group of teachers to visit the Indianapolis Clearing House. From the clearing house they were all taken on a tour of the Indianapolis office of the New York Stock Exchange firm of Hemphill, Noyes, Graham, Parsons and Company.

Luncheon was served at the 38th

Street Branch, Merchants National Bank. Following the luncheon the 16 mm motion picture film, *Back of Every Promise*, was shown. This film, produced by the Continental Illinois National Bank and Trust Company of Chicago, received not only an excellent response but some interesting comments in letters that were written later on. One teacher said: "I particularly liked the picture which we saw at your 38th Street Branch. Such a movie should go far toward offsetting the propaganda of radical labor leaders that the banker is a foe of the little man. I trust that many school groups will avail themselves of the opportunity to see this film."

Typical of the questions the teachers asked were the following:

How does the Federal Reserve System operate?

What is the purpose of the Federal Reserve System?

How does the Government control the price of its bonds?

Why do interest rates differ on loans?

What is the difference between a joint account and an individual checking account?

What is the difference between state banks and national banks?

Yakity— Yakity— Yak

By WHITNEY KENT



The Phone Phriend's phoning:
"Hiya, Jack!"



The customers come; they
wait their turn.



The Phone Phriend talks;
his visitors burn.



Yakity-yakity-YAK.

MW
TK

The Retention and Destruction Of Bank Records

JOHN R. VINCENS

MR. VINCENS is a member of the Legal Department of the American Bankers Association.

In subsequent issues of *BANKING*, he will discuss records retention statutes and a statutory records retention schedule.

RECORDS are written evidence of things that have happened. To a banker, as to any businessman, they are evidence of what is going on in his business. They can tell him and his employees what needs to be done. They can tell auditors and examiners what has been done. To the courts and administrative agencies, they are evidence of what happened, when that is in dispute. Their absence can be both embarrassing and costly.

Since commonsense dictates that records be kept, deciding which ones to keep does not at the outset present any problem. The safest rule, at least, is to keep them all.

Unfortunately, records take up space, and with each passing year, more space. Today space is expensive. So are the clerks who file the records, and so are filing

cabinets. Just as the absence of records can present difficulties, so can their presence.

The times are not such that we may reasonably assume that the number of records making their way to the filing cabinets will diminish. If storing records has become a problem, its solution probably lies in one of two courses.

On the one hand there is no apparent reason why those records which are taking up expensive or badly needed space and are no longer needed for the conduct of everyday business may not be moved to other quarters.

There are no apparent legal requirements for keeping records in any particular place; and at least two states now specifically provide that banks may acquire real property for the purpose of storing their records. California Banking Code of 1949, §750a; New Jersey Banking Act of 1948, §24(5).

If, on the other hand, this course is impracticable or undesirable, the answer seems to be to destroy some records. The accepted procedure is to draw a line between those records which are still needed and those

(CONTINUED ON PAGE 110)

A.B.A.-Recommended Final Adjustment of Statements of Account Statute

"An act concerning statements of account between bank and depositor. *Be it enacted, etc.:*

§1. When a statement of account has been rendered by a bank to a depositor accompanied by vouchers, if any, which are the basis for debit entries in such account, or the depositor's passbook has been written up by the bank showing the condition of the depositor's account and delivered to such depositor with like accompaniment of vouchers, if any, such account shall, after the period of five years from the date of its rendition, in the event no objection thereto has been theretofore made by the depositor, be deemed finally adjusted and settled and its correctness conclusively presumed and such depositor shall thereafter be barred from questioning the incorrectness of such account for any cause.

§2. Nothing herein shall be construed to relieve the depositor from the duty now imposed by law of exercising due diligence in the examination of such account and vouchers, if any, when rendered by the bank and of immediate notification to the bank upon discovery of any error therein, nor from the legal consequences of neglect of such duty; nor to prevent the application of (specify forged and raised check statute by proper designation of Chapter of Session, Law or Section of revised or compiled or general statutes) to cases governed thereby."

NOTE.—The last clause should be omitted in states which have no forged and raised check statute. If such statute is

hereafter enacted, such clause should be added to the present statute.

This statute has been enacted in recommended or modified form in the fourteen states listed below. Although the recommended draft provides a time limit of five years after which the correctness of the statement of account may not be questioned, some states have imposed different limitations. These are shown in the column following the statutory citation.

Alabama L. '43, No. 128	Five years
Arizona Code Ann. (1949 Supp.) §51-530	Six months
Connecticut Gen. Stat. (1949) §5798	Seven years
Florida Stat. Ann. (1949 Supp.) §653.85	Three years
Idaho Code Ann. (1948) §26-1015	Three years
Indiana Stat. Ann. (1950) §18-2001(d)	Six years
Louisiana Gen. Stat. Ann. (1949 Supp.) §§673.4, 673.5	Five years
Maine L. '49, C.57	Six years
New Mexico Stat. Ann. (1941) §50-1010	Five years
North Carolina Gen. Stat. (1943) §53-75	Five years
Oklahoma Stat. Ann. (1949 Supp.) Tit. 6, §118s	Five years
Texas Stat. (1948) Arts. 342-707, 5527	Four years
Utah Code Ann. (1943) §7-3-53	Six months
Wisconsin Stat. (1947) §220.196	Five years

The Rewards of a Trust Career

EARL S. MacNEILL

The author is vice-president, The Irving Trust Company, New York City.

THE senior class of 1949 at the Wharton School was asked to give its preference for employment in various fields. Only three indicated a willingness to enter the banking and trust business. The survey showed that most of the students regarded our business as stodgy, reactionary, poor pay, slow advancement, poor environment for well rounded development."

R. E. MacDougall, assistant vice-president of the Girard Trust Company, speaking at the convention of the Financial Public Relations Association held recently in Boston, continued the relentless catalogue:

While in prewar years banking was a predominant career selection at Harvard Business School, in recent years only 10 percent of its graduates have entered the banking field, compared with 40 percent going into manufacturing, 15-20 percent into marketing and related activities.

Through a questionnaire, the class of 1948 of Harvard University was asked to indicate its vocational preferences. Banking received a vote of 1 percent.

The graduate School of Business of Leland Stanford University observes that: "In general, it has been our experience that men become somewhat discouraged over the opportunities in the banking field, both from the standpoint of salary and the possibility of advancement. Although 14 percent showed this as a first preference, only 8 percent accepted positions in this field."

The title of Mr. MacDougall's talk was "Policies Determine Profits." Thus he was concerned with a thoroughly hard-boiled, pecuniary point of view.

High Cost of Cheap Personnel

"Trust business in general has yet to learn what industry long since determined—that cheap personnel is the most expensive."

Mr. MacDougall continues:

"We have too many people on our staffs who originally came to us for employment as a last resort. We have too many men and women who are content (perhaps not satisfied) with a steady job, in pleasant surroundings on a low salary scale. Think of the effect these employees have on customers, cotrustees and lawyers who deal with them in the management and administration of estates and trusts. Consider the lack of creative thinking on the part of these employees, and all that accompanies stodgy thinking. . . .

"Inadequate personnel only accentuates the disease from which each of us suffers, namely 'mechanichitis.' . . . We have observed that most of the trust officers in charge of estates and trusts and the trust investment men as well are so burdened with detail that they

seldom have time to sit back and examine their work objectively. We must be willing to increase expenditures for adequate personnel so that the personal touch with our customers shall not be lost. . . . It is no answer to say we cannot afford higher-priced personnel, because it has been proved again and again that one good trust man is worth two mediocre ones. . . . We need to raise our sights and spend money to make money. . . . *Of all policy matters affecting trust department profits, that of personnel is the most vital.*"

Thus Mr. MacDougall dealt with the financial aspects of trust employment. But let's go back to the Wharton School, and pick up another thread. "Trust business is stodgy . . . poor environment for well rounded development."

If a young man were to set himself to be the best trust man in the world he would—if he had the time:

After he had completed his liberal arts course—

Take a graduate course in law—

Then a graduate course in business administration—

Practice law for several years—

Work as a security analyst for several years—

Engage in a commercial business activity for several years—

As sidelines study accounting—

And psychology—

And advertising—

And public relations—

And keep studying law and economics.

But he doesn't have the time to do all these things; so he starts in a trust department at a relatively early stage and learns the rest as he goes along—the hard way, by experience.

As for stodginess, your veteran trust man will testify that no occupation possibly could be more exciting. His life is packed with drama as he enters into the lives of many families.

Fashion Note in Forums: What Women Want To Know

As reported in its ever-fresh and stimulating monthly *Journal*, the Union & New Haven Trust Company recently conducted a poll in connection with a projected "Women's Finance Forum." Hundreds of women were polled. "Investments" came first; runner-up was "Home Ownership, Mortgages, Real Estate." Third was "Wills." But lo, "Estate Planning" and "Trust Funds" also placed within the first 10; and on a "weighted" basis the three topics scored 4,576 points out of a total of 16,867—or slightly over 27 percent. Related subjects that figure importantly in estate planning—"Taxes and Life Insurance"—also had high ratings; and investments are part of our story also. So give trust business a high score in New Haven!

A Time to Watch Our National Step

The Voice of Banking

More of BANKING's readers speak.

Here are the composite views of many bank presidents on the biggest problems currently facing the nation and the banks.

It often seems that our thinkers do not vote and our voters do not think. Millions of dollars have been spent on our educational system and yet our people as a whole have apparently not learned to distinguish between truth and falsehood, or between truth and error. Instead they have been taught to seek security at the expense of others and have not been taught to work, to dare, and to depend upon themselves.

* * *

By word and by action bankers should work toward a better understanding and appreciation by the public in general of the pitfalls involved in the so-called welfare state and toward steps to curb these unsound trends.

* * *

Our country and many of its communities have become so large, and our economy so complex, that the vast majority of our people give little or no consideration to government on any level. The result is that the power of government has come into the hands of fewer and fewer people, whose sense of responsibility to the citizens generally has all but vanished. An interested, informed electorate is the only real balancing force in a democracy; without it the democratic process becomes ineffective and sound government becomes a thing of the past.

* * *

We should find men and put them in Washington who will see that our natural resources and money are used for the protection of our own people and not wasted in trying to change the form of government of half the nations of the world, who have a different way of life and are

ruled by a class of people who are opposed to "government by the people." If we can show the world that we have the soundest and best run government they may envy us, but they will not hate us and we will remain a great nation.

* * *

We have too many politicians and not enough statesmen in our National Government to cope with world affairs such as we are faced with today. There never has been a time within the last several decades when we needed strong, aggressive, capable leadership as badly as we do today.

* * *

A serious situation which bankers are facing today is competition from Government, not only in the field of loans and capital investments, but also the fact that the Government encourages the passage of laws to exempt from certain forms of taxation competitive private organizations which will in time destroy or greatly weaken the private banking system.

A threat which we face today as a nation is the loss of our individual freedom and the destruction of the kind of government our forefathers set up for us. As individuals we are soft. Selfishness has motivated the election of Government officials who promise to give the

most for the least effort. Too much is expected of the Government, too much is given by the Government, in the form of laws to discourage individual initiative, hard work and ambition. In other words, it is too much bureaucracy and socialism. Too few people realize that the Government is nothing more than the people who comprise it. We need a leader, if there is one, who will inspire the people to rely upon themselves rather than the Government and who will encourage a little of the patriotism that is sorely needed to bring about an economy involving the support of the Government by the people rather than the support of the people by the Government. We are following fast in the footsteps of those once great nations that have fallen behind through the lack of stamina, character, hard work, and unselfishness that made them great.

* * *

The nation needs a correction of the unsound political and economic programs instituted and carried forward by our governmental administrations over the past 16 years, such as subsidies, price supports, product purchases, and a general trend toward a socialistic state. A perpetuity in office of one Administration has been evidenced as undesirable in every respect and should not

"We have too many politicians and not enough statesmen in our Government to come with world affairs such as we are faced with today"

(A Korean woman, right, cradles her wounded husband's head while an older member of the family squats beside them)



be continued, in spite of the Korean situation, and a change should be one of our first aims.

* * *

Today we must maintain our industrial might unimpaired while we increase our organized military strength. Military organization derives its strength from authority at the top levels; our industrial productivity has developed from freedom of choice and competition at every level — between industries, within each industry; between companies, within every company. The regimentation of industry through governmental planning and control must be avoided unless and until we are irrevocably committed to mobilization for total war.

* * *

Bankers, as well as businessmen, need to convince the mass of the people of their ability, integrity and high purpose. This task includes, of course, the education of workers regarding the free enterprise system and its virtues. As leaders in their communities, bankers must carry a heavy responsibility in this regard and must so conduct themselves that they can gain, and hold, the respect and confidence of all ranks. With this background, the people will be willing to accept their opinions and advice, rather than listen to the politicians and the radicals.

* * *

Among worthwhile national objectives I suggest:

(1) Selection of proper representatives in Congress and Senate.

(2) Drastic curtailment of wasteful Government spending.

(3) Proper speeding up of armament for defense.

(4) Screening of loans or allotment of funds to other nations. Such should be available only to those countries that show a willingness to cooperate in reconstruction efforts.

(5) Discourage most unreasonable demands for subsidies upon the Government by war veterans, farmers, and labor.

* * *

Our task is one of educating our people, as a whole, to realize just what our nation means to us. That it is not just a machine to hand us money or a job, but that it is a place in which free men can work together to make a living and keep it

✦

"We should find men . . . who will see that our natural resources and money are used for the protection of our own people and not wasted in trying to change the form of government . . ."

* * *

Cyrus Ching, right, newly appointed wage stabilization chief, talking with newsmen following his appointment by President Truman

✦



WIDE WORLD

the wonderful land that it has been to us.

* * *

Encroachment by government on banking activities threatens our very existence. This is possible only because of our past mistakes and can be counteracted only by a change of attitude. The banker is pictured in the press, magazines, stage and screen as an individual with a heart of stone and a glass eye who feels so secure in the power based on the control of money that he is beholden to no one. The banker is thought of as a man who forecloses the mortgage and is responsible for the worker's loss of employment or loss of home or both. The banker of the future must be known as a constructive force in the community and his operations must be for the benefit of the people. Then, and only then, can we do a real public relations job to tell the man on the street about it.

* * *

We must understand better the functions of banking in a free economy and interpret them in such fashion that public understanding will be promoted. The task will require better students and statesmen. Dignity and pomposity giving voice to the old shibboleths will not turn the trick. Hard thinking is called for and the best of contemporary techniques, and realistic consideration of the customer's point of view. When we know where we are going, our story must be told in language that is graphic and easily understood.

We must help convince people

that the individual is still important. Astronomical figures and global perplexities cause many to say, "What's the use?" The price of individual worth and freedom is enlightened judgment and willingness to accept responsibility. When these objectives are achieved at the community level, it becomes possible to translate them into national terms.

* * *

Omitting the immediate Korean situation, we must educate the individual to recognize the financial situation resulting from 16 years of national deficit financing. Fifty-two percent of the present population has been brought up under this method of financial living. The head of the average family recognizes and acts on the necessity of a balanced budget in his own home affairs; in town and state financing he concedes only a small amount; but in national affairs he is usually trying to grab his all from the Treasury. This must be stopped. The two means are education and intelligent voting action.

* * *

Bankers have not always been able to retain their "youth." It is nice to have a long background of successful operation provided that we do not resist change too strongly. In fact, we should initiate changes before businessmen and politicians think of them first. There have already been too many negative pronouncements by bankers, particularly on political subjects where old ways of doing things are still too firmly fixed in our minds. There is

(CONTINUED ON PAGE 134)

Meet the New Vice-President



C. FRANCIS COCKE

THE American Bankers Association, at its September Diamond Anniversary Convention in New York, chose as vice-president C. Francis Cocke, president of the First National Exchange Bank of Roanoke, Virginia.

Mr. Cocke is a native of Roanoke and has served as a member of the Association's Committee on Federal Legislation since 1941. He has been chairman of the Committee from 1946 until the present time.

His activities in state and national bankers associations have covered a wide range. He was chairman of the A.B.A. Federal Legislative Council from 1946 to 1950. In 1949 he was elected to the Association's Executive Council, of which he now continues as an ex officio member.

In the Virginia Bankers Association he has held many offices, including the presidency in 1948-49.

Mr. Cocke graduated from the University of Virginia in 1908 and subsequently attended the Law School there. In 1910 he was admitted to the Virginia Bar and later became a senior partner of Cocke, Hazlegrove & Shackelford. He was a second lieutenant during the first World War in Air Service Aeronautics. At the close of the war he was elected the first Department Commander of the American Legion in Virginia.

He became vice-president and director of the First National Exchange Bank in 1927 and was elected to the presidency in 1938.

Outside the field of banking, Mr. Cocke is a director of a number of Virginia corporations and has been a member of the board of trustees of Hollins College since 1929 and president of the board since 1938. He is a member of the board of trustees of the Roanoke Hospital Association, chairman of the Roanoke Community Fund, and a member of the Virginia Library Board.

Mrs. Cocke is the former Francis Tilghman Mingea, and they have one daughter, Lelia, now married to William B. Bagbey. Lelia is a graduate of Hollins College and has a master degree in history from the University of Virginia. Her husband is a graduate of Washington and Lee and was a lieutenant commander in the Navy.

Last, but far from least, is a grandson, Francis Cocke Bagbey, now one year old. Last Christmas the young man arrived for a first visit with his grandparents, wearing a sweater in the brilliant colors of Washington and Lee University, alma mater of Mr. Bagbey. Plainly, here was a situation requiring a high degree of self-possession and nonchalance but it is happily reported that grandfather, whose loyalty to the University of Virginia is steadfast and unwavering, was startled but handled the crisis with characteristic aplomb. The big question in the family now is whether the grandson will go to the University of Virginia or Washington and Lee.

The home of the team of Francis and Francis is on a hillside overlooking Roanoke and is widely famous for its hospitality. "You may wonder," said the new vice-president of the Association, "why Mrs. Cocke spells 'Francis' with an 'i.' As it happens, in the early days in Maryland one of her Tilghman ancestors married into the Francis family, and hence afterward the name 'Tench Francis Tilghman' appears in the family genealogy. So when she came along, being a girl, they dropped the 'Tench' and called her 'Francis Tilghman' instead, and that stuck."

Taking the Guesswork Out of Selling

WILLARD C. WHEELER

In two previous articles (July and August issues of BANKING), the ways in which modern market research may be used to solve problems of location of savings and commercial banks were discussed. This third article is a review of some of the things which may be done by a savings bank to stimulate growth, quite apart from the factor of location. The author is vice-president, Sales Traffic Digest, Inc., New York City.

THERE are a number of ways to determine whether a savings bank is growing as fast as it should. As yardsticks, comparisons may be made with the records of other savings banks or savings and loan associations in the community or in other comparable communities. Comparison may be made also with the growth in population.

All such comparisons should be made in terms of number of accounts, not dollars of deposits. The deposits record is heavily influenced by economic conditions over which the bank has no control. But, because closed accounts will have higher average balance than new accounts, a bank must obtain more new accounts than the number it closes if, at a time of economic adversity or slowness, it is not to find itself faced with some serious negative factors in its portfolio and budget. Therefore, when net gain in accounts is

small or erratic and when net losses are suffered, a savings bank must move decisively and promptly to remedy the condition.

Too often, advertising and promotional expedients are tried without knowing whether they are the right prescriptions for the ailment. This is generally because the ailment has not been thoroughly and competently diagnosed. The first step is to find out *why* the growth record is not what it should be.

For this purpose there is no substitute for the same basic market analysis described in the first article in the July issue of BANKING. Essentially this provides a comparison between the make-up of the bank's depositors and the make-up of the community. Any large and irrational differences point to the weak spots that need detailed examination.

Pertinent Questions

The focal point of such an analysis may be stated in the form of two questions: "Whom should we have but do not have as depositors?" and "Why are we not getting them?" The degree to which these questions may be answered in specific terms will depend to a large extent on how complete is the information in the bank's records. If a record has been made of sex, marital status, age, occupation classification, and racial extraction, then the answers will be very specific indeed. If a running

analysis of both new and closed accounts has been made in terms of these details, then the work will be greatly simplified and shortened. But even if neither has been done, the primary facts may still be developed.

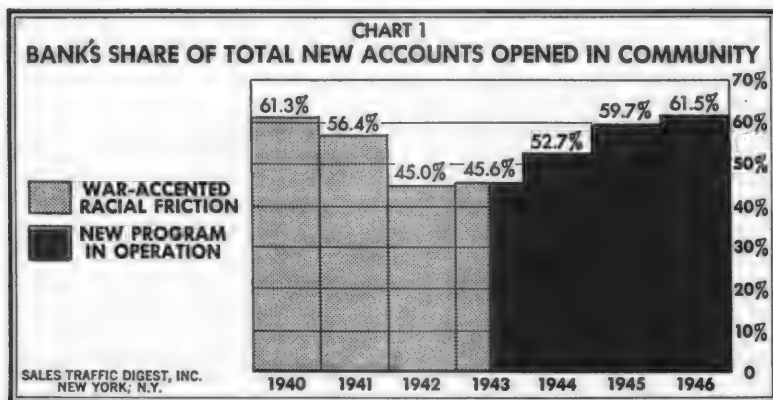
In any event, a summary analysis of both new and closed accounts must be made for the past year and for a year's period five and probably 10 years before. Comparisons at 5-year intervals will show changing trends which are often very important.

Such research may show a lower-than-average percentage of middle-aged housewives in one case and a low percentage of young unmarried people to both sexes in another. Obviously what the bank should do to attract more depositors would be entirely different in the two cases. A third bank may suffer from having given the impression of racial or religious prejudice, and this would require still another kind of action. The net of this line of thinking is that you can't cure anything until you know what you have to cure. And the net of my company's experience is that the proper cure can usually be found and, when applied, it produces amazingly satisfactory results. Here are a few examples.

A Case History

Case A. This bank suffered from two ailments. One was employee attitude. Tellers were cold, impatient and condescending. Guards were stern and unresponsive. Depositors were made to feel that the bank was doing them a favor with every transaction. The second trouble arose from the fact that the bank was founded by a group of a single racial extraction and, regardless of the changes which had occurred in the intervening years, many of the potential depositors allowed themselves to be influenced by racial frictions which had developed in recent history.

The cure for the employee atti-



tude was simple. The officers, convincingly shown the facts, exerted leadership by changing their own attitudes and by setting examples. Next, employee meetings were held at which the cards were laid on the table. The bank's policy was succinctly stated and the employees' responsibility for carrying it out was made emphatic.

The cure for racial prejudices was not quite so simple. In matters of this kind, direct, frontal attacks are not usually to be recommended and time must be a factor in the cure. One of the best moves is to form an advisory board whose function is to help develop ways of promoting the thrift and economic welfare of the people of the community. This provides a place for leaders of many racial extractions, and, if the board is handled correctly, time will work powerfully for the bank.

Magazine for Customers

In the case in question, however, another method was equally successful. A quarterly magazine of high editorial standards was published and carried lead articles by prominent people of various racial backgrounds. Most of these were depositors in the bank, since it was fortunate in having nationally known figures in literature, business, finance, and government on its rolls. Each issue carried stories of how a savings account helped a family over unexpected obstacles or enabled them to grasp and capitalize on an opportunity. The various departments of the bank were described in turn and illustrated by pictures of the employees with their names and a few personal details.

Half of the edition was distributed to depositors by means of piles placed at tellers' windows and half by direct mail, with a letter from the president, to prospective depositors. The magazine was so popular that it grew from an edition of 25,000 at the outset to over 36,000 in two years' time.

What happened as a result of these two cases is shown by Chart No. 1 on page 48. The downward course of this bank was not only checked but reversed, and all lost ground was recovered in three years' time.

Case B. This bank served a community which was broken up into a number of clannish social groups, including some of certain racial ex-

If a bank isn't growing as fast as it should, says the author, there must be a reason. Two things, he says, are certain: "First, the cure cannot be made until the ailment is diagnosed. Second, there is no ailment which cannot be diagnosed by those who can intelligently apply modern market research to the banking field."

tractions, and one or two strong labor organizations. The need was to make each group feel the bank's interest without identifying the bank with any single group. This was accomplished by gradually adding to the employees individuals from each nonlabor group, by offering prizes for competitions appropriate to each group, and providing exhibitions depicting the social work of each group. The labor organization was cultivated by the president's developing a personal contact with the labor leader on the subject of financial security for the workers' families.

Anniversary Opportunity

Opportunely, a major anniversary of the bank occurred and, in lieu of printing the usual expensive history of the institution, a letter writing contest was staged with an attractive list of cash prizes, and the board of judges included the labor and social group leaders.

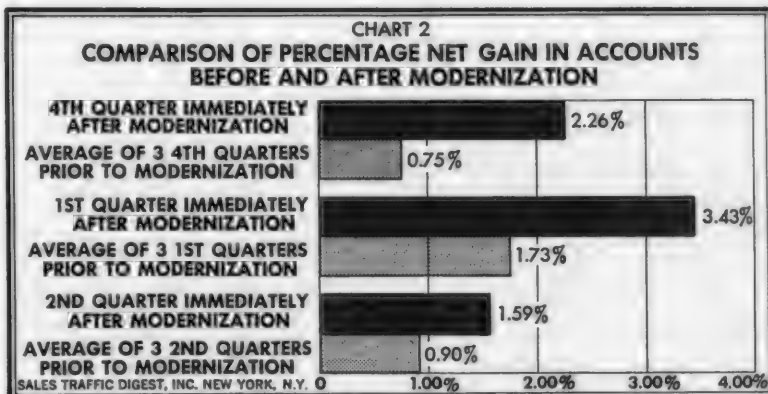
Since the ailment was not so severe as in Case A, the cure was not so spectacular, but the results were measurable and highly satisfactory.

Case C. Here there was no trouble disclosed by statistical analysis. But observation and inquiry showed that

the trouble was mainly physical and concerned the banking floor. The impression was gloomy, old-fashioned and unwelcoming. The arrangement of facilities was cluttered. The contrast with shops of modern design and lighting was marked. The same people visited both, leaving the bright, cheerful, attractive shops to come to the bank. The commercial banks and savings and loan association offices were much more bright and welcoming.

The cure was obviously physical modernization, and when this need was recognized it resulted in leasing adjoining space to the rear so that a new entrance was opened on the next street, plenty of elbow-room for depositors was provided, and a whole new interior of light, cheery character was made possible. In addition, the exterior was flood-lighted so that the impression of warm welcome was carried outside. Following this the bank had its best period of growth in many years, as shown by Chart No. 2 below.

There are many other matters, attention to which will produce equally outstanding benefits. Sometimes banking hours are not suited to the convenience of certain groups of workers. Sometimes the bank just needs a good long campaign of advertising to identify its location and give evidence of its modern liveliness. Sometimes its mortgage operations have been so handled as to arouse negative word-of-mouth advertising. The ailments may be either those of omission or commission. But two things are certain. First, the cure cannot be made until the ailment is diagnosed. Second, there is no ailment which cannot be diagnosed by those who can intelligently apply modern market research to the banking field.



METHODS and IDEAS

The November instalment of this department is culled from notes taken by BANKING at the Financial Public Relations Association convention in Boston. Audience participation in the clinics and conferences was so active that hundreds of methods and ideas were exchanged in the three special provinces of FPRA: salesmanship, financial advertising, and human relations.

The jottings that follow are obviously fragmentary, and make no pretense at full coverage, even of one clinic or departmental meeting. They merely pass along, briefly, some of the workable ideas so freely swapped at the convention.

Staff Salesmen

ONE of FPRA's best-attended sessions provided a rewarding discussion of staff service-selling. The exchange of ideas covered such points as training for salesmanship, recognition of producers, sales campaigns and contests, calls on prospects and customers, contacts with the public, and the necessity for keeping the staff informed on ad campaigns and new services.

There was general agreement that

the sales-minded employee is a V.I.P. in any bank; the more of these Very Important People you have, the better. In organizing its staff for selling, one bank hired a psychologist who gave some lectures on salesmanship. This bank holds periodic meetings of all employees having contacts with the public; the officers meet once a week to report on the contacts and calls they've made. Only one selling goal is stressed at each session—that is, safe deposit, special checking accounts, etc.

As a rule a succession of calls on prospects brings results; and you may well find, as did one bank, that it pays to use different callers, for a prospect likes to know more than one officer.

Staff meetings organized on a departmental basis facilitate discussion. It's easy to get to the point quickly, inasmuch as everybody has a common interest. One bank brings its staff together at intervals for after-closing dinner (paying overtime). Another's meetings take place before the opening. Regularity of the get-togethers is important, whether they're held in or out of banking hours.

A bank that puts considerable em-

phasis on employee training offers a four-hour course in salesmanship. There are weekly meetings with the department managers who are responsible for the training of people under their jurisdictions.

How should new business production be rewarded? Some delegates thought promotion and/or pay increases were better incentives than prizes or contests; the good producer knows that if he reaches a certain goal he'll get a salary rise automatically. Extra vacation time is also an effective reward.

Rewarding Producers

New business campaigns among bank staffs are apparently very successful. With cash awards or merchandise as prizes, these contests, it seems, are morale builders — and they bring in business. One bank's 90-day campaign, cut to this pattern, garnered 2,100 new accounts for a total of more than \$2-million. The cost in awards was about \$1,600. A bank that had a particularly successful contest sent all mailings about it to the employees' homes. Family interest was thus stimulated; the wife and kids took a look at the list of prizes and dad got busy.

(CONTINUED ON PAGE 104)

Vincent B. Coffin, insurance executive, lecturing at the FPRA School of Salesmanship





The A.B.A.'s high command exchange felicitations at the conclusion of the Diamond Anniversary Convention. *Left to right, Treasurer Emmons, Vice-president Cocke, President Shelton, immediate past President Peterson, and Executive Manager Stonier*

A Convention to Be Remembered

BUSINESS and pleasure blended into a memorable occasion for bankers from all sections of the United States at their meeting in New York the end of September. It was the Diamond Anniversary Convention of the American Bankers Association at The Waldorf-Astoria. Among the many groups that had a hand in making the convention one of the most successful in A.B.A. history were the New York Clearing House banks, the officers of the A.B.A., and The Waldorf-Astoria staff.

The business sessions of the convention, attended by several thousand serious, thoughtful bankers, were devoted largely to a discussion of measures to strengthen and fortify the national economy of the United States and to an appraisal of steps that have been taken and are contemplated to give military and economic assistance to our allies.

Despite the serious tone of the convention, the New York hospitality committees saw to it that there was never a dull moment for the 7,500 registrants. The reception of welcome on Sunday evening, September 24, set in motion a sequence of social activities that came to a finale with the grand ball on Tuesday.

Secretary of the Treasury John W. Snyder was the Convention guest of honor. He was presented, at the opening general session, with an engrossed and illuminated testimonial on behalf of the Association by the then vice-president, James E. Shelton.

The testimonial reviewed the Secretary's long and distinguished career as a citizen, banker, and statesman.

"During his administration of the Treasury," it said,

"he has always welcomed suggestions from all groups and individuals interested in public finance. When the times for decision have arrived, he has moved with courage and dispatch. He has inspired confidence among many millions of Americans who own bonds representing their faith in America.

"To John W. Snyder we offer this testimonial of our admiration of his service as a citizen, a banker, and a public servant."

In a letter to A.B.A. President F. Raymond Peterson, President Harry S. Truman expressed confidence in the Secretary and his pleasure at the honor paid him by the bankers. The President also extended hearty felicitations and warm personal greetings to the bankers and his best wishes for a successful and fruitful convention.

Mr. Peterson, who is chairman of the board of the First National Bank and Trust Company of Paterson, New Jersey, and who was elected president of the A.B.A. at the Association's San Francisco convention last fall, was, of course, the presiding officer of the Convention sessions.

New Officers

Mr. Shelton, who is president of the Security-First National Bank of Los Angeles, was elected to the presidency to succeed Mr. Peterson and was installed at the final session.

C. Francis Cocke, president of the First National Exchange Bank, Roanoke, Virginia, was elected vice-president, succeeding Mr. Shelton in this office. Glenn L. Emmons, president of the First State Bank of Gal-



On the eve of the A.B.A.'s Annual Convention in New York, Acting Mayor Vincent R. Impellitteri, center, welcomed convention leaders at a City Hall reception. *Front row, left to right, Mr. Emmons; Mr. Peterson, shaking hands with the Mayor; Mr. Shelton; and Grover Whalen, chairman of the Mayor's Reception Committee. Back row, Merle E. Seleckman, A.B.A. secretary; Percy J. Ebbott, president, Chase National Bank; H. F. Gibson, assistant vice-president, Central Hanover Bank & Trust Co.; Henry C. Von Elm, chairman, board of directors, Manufacturers Trust Co.; and G. Russell Clark, manager, New York Clearing House*

lup, New Mexico, was elected to a two-year term as treasurer of the Association in 1949.

New officers elected during the convention by the divisions and sections of the Association were:

NATIONAL BANK DIVISION: *President*, L. C. Bucher, president, Lincoln National Bank, Cincinnati, succeeding William B. Gladney, president, Fidelity National Bank, Baton Rouge, Louisiana. *Vice-president*, Abbott H. Davis, president of the New Haven Bank N.B.A., New Haven, Connecticut, and *chairman, Executive Committee*, Charles H. Buesching, president of the Lincoln National Bank & Trust Co., Fort Wayne, Indiana.

SAVINGS AND MORTGAGE DIVISION: *President*, William A. Reckman, president of the Western Bank & Trust Company, Cincinnati, Ohio, succeeding Rowland R. McElvare, senior executive vice-president, Bank for Savings, New York. *Vice-president*, Joseph Earl Perry, president of the Newton Savings Bank, Newton, Massachusetts.

STATE BANK DIVISION: *President*, John Q. McAdams, president of the Winters State Bank, Winters, Texas, succeeding Claude E. Bennett, president, Tioga County Savings and Trust Company, Wellsboro, Pennsylvania. *Vice-president*, Guy Sturgeon, president of the Bank of Commerce, Sheridan, Wyoming; and *chairman, Executive Committee*, B. M. Harris, president of the Yellowstone Bank, Laurel and Columbus, Montana.

TRUST DIVISION: *President*, Raymond H. Trott, president of the Rhode Island Hospital Trust Company, Providence, succeeding John W. Remington, vice-president and trust officer of the Lincoln Rochester Trust Company, Rochester, New York. *Vice-president*, Joseph W. White, vice-president of the Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri; and *chairman, Executive Committee*, Robert A. Wilson,

vice-president of The Pennsylvania Company, Philadelphia.

STATE ASSOCIATION SECTION: *President*, Ralph Fontaine, executive secretary of the Kentucky Bankers Association, Louisville, succeeding Andrew Miller, executive secretary of the Washington Bankers Association, Seattle. *Vice-president*, Albert L. Muench, secretary of the New York State Bankers Association, New York.

Some Committee Appointments

Appointments made by President Shelton to a one-year term of the Executive Council of the A.B.A. include the following: J. T. Brown,* president, First National Bank, Jackson, Mississippi; Mark A. Brown,* president, Harris Trust and Savings Bank, Chicago; Percy J. Ebbott,* president, The Chase National Bank, New York; Fred C. Forrest,* president, First National Bank, Pullman, Washington; Marshall B. Hall, president, Trust Company of Georgia, Atlanta; H. Hiter Harris, president, First and Merchants National Bank, Richmond; I. W. Hellman, president, Well Fargo Bank and Union Trust Co., San Francisco; S. J. Kryzsko, president, Winona National and Savings Bank, Winona, Minnesota; Mark G. McMahan, vice-president and manager, California Bank, Glendale; Everett H. Pixley, vice-president, Mellon National Bank and Trust Co., Pittsburgh; Frank A. Sewell, president, Liberty National Bank, Oklahoma City; and Russell L. White, president, Indiana National Bank, Indianapolis.

Most of the chairmen of the commissions, councils, and committees of the A.B.A. have accepted reappointment. New appointments made by President Shelton include the following:

* Also appointed to the Administrative Committee.

Some of the members of the Administrative Committee of the A.B.A.: *Clockwise around the table, Claude E. Bennett, Hartwell F. Taylor, vice-president, Bank of Virginia, Richmond; Andrew Miller; John W. Remington; Henry M. Sommers, assistant to executive manager, A.B.A.; President Peterson; Harold Stonier, A.B.A. executive manager; John J. Rooney, comptroller and executive manager, A.B.A.; Merle E. Seleckman, A.B.A. secretary; Rowland R. McElvare; Evans Woollen, Jr., chairman, Fletcher Trust Co., Indianapolis; R. N. Downie, president, Fidelity State Bank, Garden City, Kansas; and Carl K. Withers, president, Lincoln National Bank, Newark*





A. Lee M. Wiggins, left, above, speaking at the first general session. Seated at right, front row, President Peterson, Executive Manager Stonier, and Secretary Selecman. Robert M. Hanes, right, above, speaking at the second general session. Front row, left, Mr. Shelton, Dr. Nadler; right, President Peterson

PUBLIC RELATIONS COUNCIL: *Chairman*, Robert Lindquist, vice-president, LaSalle National Bank, Chicago, succeeding J. Lowell Lafferty, vice-president, Republic National Bank, Dallas.

Consumer Credit Committee: *Chairman*, William W. McCarthy, vice-president, National Shawmut Bank, Boston, succeeding William F. Kelly, vice-president, Pennsylvania Company, Philadelphia.

FEDERAL LEGISLATION COMMITTEE: *Chairman*, Claude E. Bennett, president, Tioga County Savings & Trust Company, Wellsboro, Pennsylvania, succeeding C. Francis Cocke, elected vice-president of the A.B.A.

INSURANCE AND PROTECTIVE COMMITTEE: *Chairman*, H. F. Harrington, vice-president, The Boatmen's National Bank, St. Louis, succeeding George C. Bennett, assistant comptroller, Bankers Trust Company, New York.

SERVICE FOR WAR VETERANS: *Chairman*, Edwin P. Neilan, vice-president and secretary, Security Trust Company, Wilmington, Delaware, succeeding Robert C. Downie, president, Peoples First National Bank and Trust Co., Pittsburgh.

COMMITTEE ON STATE LEGISLATION: *Chairman*, Sherman Hazeltine, president, Bank of Arizona, Prescott, succeeding Hayes Picklesimer, president, Kanawha Valley Bank, Charleston, West Virginia.

Convention Speakers

Besides Mr. Peterson, speakers at the first general session included George Whitney, president of J. P. Morgan & Company Inc and president of the New York

Clearing House; A. Lee M. Wiggins, chairman of the board of the Atlantic Coast Line Railroad, chairman of the board of the Bank of Hartsville, and former A.B.A. president; and George E. Sokolsky, columnist and radio commentator.

The principal addresses at the second and final business session were by Robert M. Hanes, chief of Economic Cooperation Administration for Germany, president of the Wachovia Bank and Trust Company, Winston-Salem, and former A.B.A. president; and Dr. Marcus Nadler, professor of finance, New York University, New York.

Speakers at the divisional meetings included:

SAVINGS AND MORTGAGE: President McElvare; Dr. Jules I. Bogen, professor of finance, New York University; and M. S. Szymczak, governor, Federal Reserve System, Washington.

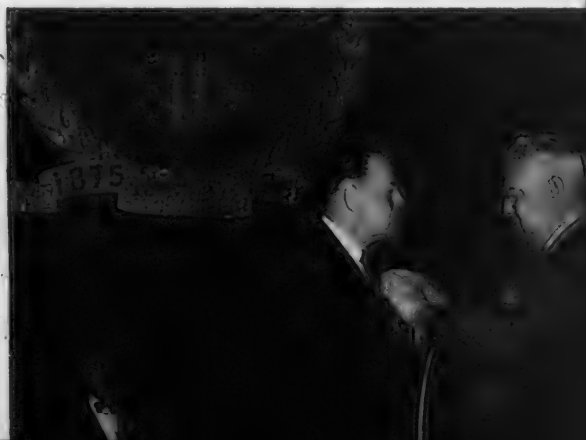
STATE BANK: President Bennett and George H. Shay, staff manager, government department, Johns-Manville Corporation, New York.

NATIONAL BANK: President Gladney; Honorable Preston Delano, Comptroller of the Currency; J. L. Robertson, Deputy Comptroller of the Currency; and M. J. Rathbone, director, Standard Oil Co. of N. J.

TRUST: President Remington; Aurie I. Johnson, chairman, trust division of the New York State Bankers Association and vice-president, First Trust and Deposit Co., Syracuse; and Carl W. Fenninger, director, Provident Trust Company, Philadelphia.

Every one of the Convention speeches was timely and filled with challenging data. Would that BANKING

On behalf of the Association, Vice-president Shelton presents Secretary Snyder with an engrossed and illuminated testimonial, left, below. At final session, retiring President Peterson pins the presidential badge on incoming President Shelton, right, below





Comptroller of the Currency Preston Delano, *left, above*, speaking at the meeting of the National Bank Division. *Seated, left*, Division President William B. Gladney, and, *right*, Deputy Comptroller Robertson. The National Bank Division's Executive Committee meeting at the Convention, *above, right, front row, third and fourth from left*, newly elected Division President Bucher and Vice-president Davis

could reproduce them all in full, but since this is impossible a brief excerpt is included from most of them:

FROM PRESIDENT PETERSON'S REPORT: "I am pleased to report to you that the outcome of almost all this legislation [Federal legislation in six areas of interest and concern to bankers] has been decidedly satisfactory. Some of the laws that Congress, in its wisdom, has enacted have contributed to the strength and soundness of banking. Congress amended other legislation before it was enacted this session so that it would not jeopardize the strength of the banking system."

MR. WIGGINS, SPEAKING ON "OUR CURRENT NATIONAL SCENE": "Every other financial consideration in the economy must be subordinated to the considerations of the public debt. The financial integrity not only of Government, but of every business and of every citizen in this country depends upon the integrity of that debt. Supported as it is by the productive capacity of this nation and by the confidence of the American people in the ability of Government to service and manage the debt, its size is not our chief concern. It is the management of the debt that is of prime importance."

"FACE IN THE ORIENT," BY MR. SOKOLSKY: "Chiang Kai-shek broke with the communists during Christmas week of 1926-1927. . . He came down to Shanghai and established an anti-communist government, and from April 2, 1927, until today, he has been fighting the Chinese Communist Party, Chinese communist armies, and Soviet Russia. And yet we asked him in 1945 to form a partnership with men and with armies and with countries with whom he had been at war since 1927. When he failed to do it, we

left him to his own devices and opened Asia for conquest by Soviet Russia. The loss of face entailed in that throughout Asia is beyond belief."

MR. HANES, SPEAKING ON "THE EUROPEAN PROBLEM": "Although it took Western Europe seven years to regain prewar levels after the first World War, in the first two years of the Marshall Plan, industrial production in Western Europe increased, in terms of constant values, to a level 25 percent above that existing before World War II. Intra-European trade and agricultural production are each at prewar level. Hunger has been banished; currencies have been stabilized; better living and working conditions are everywhere apparent; and communism, which unquestionably would have spread over the continent, has been stopped in its tracks."

"THE PROBLEMS CONFRONTING THE BANKS," BY DR. NADLER: "The real problem that confronts the nation is to ascertain what type of economy we desire and how far we want the functions of the Government to expand . . . it is doubly important that each economic group recognizes that the welfare of the country comes before the benefits of individual groups. . . The welfare of the entire population depends on the maintenance of a constantly expanding economy to produce goods essential to our military security and the maintenance of our high standard of living. This is the strongest guaranty against socialism and the most effective weapon against communistic aggression."

MR. SHELTON IN REMARKS ACCEPTING THE A.B.A. PRESIDENCY: "In carrying out our duties and responsibilities in the trying days which lie ahead, let us be inspired by the American tradition of finding ways to get the job

Executive Committee of the State Bank Division, *left to right at speakers table*, incoming Vice-president Sturgeon, incoming President McAdams, President Bennett, and Secretary Melvin C. Miller, *below, left*. Executive Committee of the Savings and Mortgage Division, *right, below*. *Circling head of table*, Secretary J. R. Dunkerley, President McElvare, President-elect Reckman, and Vice-president-elect Perry





Officers of the Trust Division, *left to right, above*, Vice-president-elect White, President Remington, and President-elect Trott. At the past president's luncheon, *right above, seated*, P.D. Houston, C. W. Bailey, Rudolf S. Hecht, Robert M. Hanes, honor guest Secretary of the Treasury Snyder, Evans Woollen, Jr., Lewis E. Pierson, Robert F. Maddox, Thomas R. Preston, Robert V. Fleming, Francis Marion Law, Frank C. Rathje; *standing*, W. L. Hemingway, Tom K. Smith, W. Randolph Burgess, Treasurer Emmons, Harry J. Haas, Executive Manager Stonier, A. L. M. Wiggins, Thomas B. McAdams, and Orval W. Adams

done. We must be constantly alert to protect our free institutions and our American way of life from being destroyed by those who would seize upon such an emergency as an opportunity for socializing our American institutions and economy."

"FREEDOM DOESN'T COME FREE," BY DEPUTY COMPTROLLER ROBERTSON: "It must be understood . . . first, that our system of deposit banking was not designed solely to provide banks with relatively free funds to use exclusively for profit; second, that banks must be regarded and respected as quasi-public institutions, trustee in your hands; and consequently, that it is the function of banks to channel the flow of credit with the wisdom that will assure a sound economy as well as a firm military defense for democracy."

MR. RATHBONE, SPEAKING ON "AMERICA AND WORLD OIL RESOURCES": "Although this country has but 6 percent of the world's population it uses 45 percent of the world's energy from fuels. The only nation that approaches the United States is Canada . . . whose per capita consumption is about 85 percent of ours. The Western European nations use about 25 percent as much fuel energy as we do; Russia about 18 percent—so far as we know—and Asia 2 percent. At present . . . we are using oil at the rate of 2,350,000,000 barrels a year . . . every year we discover new sources of oil, and, as a matter of fact, we have so far discovered more than we have used, so that U. S. reserves have increased and are at an all-time 'high'" . . .

"MONETARY POLICY TODAY," BY MR. SZYMCAK: "In retro-

spect, the gravest mistake we made in financing World War II, and the mistake which left the deepest mark on the American economy, was failure to tax enough. This failure left us with a huge burden of Government debt and tremendous potentialities for inflation. As a consequence, we experienced great difficulty in maintaining financial stability in the postwar."

DR. BOGEN, SPEAKING ON "AT THE CROSSROADS IN MORTGAGE LENDING": "Since World War II, the conditions governing the insurance and guaranty of mortgages by Federal agencies has been repeatedly liberalized. . . Financing on this basis makes a home virtually a 'free gift' to a veteran, since he pays no cash for it and the monthly service is often less than the rent he has been paying."

"THE WEST MUST FIND ITS VOICE," BY MR. SHAY: ". . . this world contains some 1,400,000,000 other people (other than the U. S. and the U. S. S. R.), who are stirring and moving in the long dream of history as men have never stirred or moved before. . . To use sales terminology, these 1,400,000,000 constitute a tremendous 'sales potential' for 'marketing' and 'selling' our American way of life. . . What are we going to do about it? Go out and sell our brand with confidence and ingenuity, or wait in the 'outer office' while our competitor moves in and closes the sale? It is indeed a major tragedy of this century that we have failed to effectively come to grips with our ideological rivals and expose them to all mankind for what they truly are. . ."

This audience shot shows only a small segment of the interested delegates attending the second general convention session





At the meeting of the A.B.A.'s Organization Committee, *above, left*. Chairman T. J. O'Brien and Secretary J. R. Dunkerley, *extreme right, front*. The Credit Policy Commission listens to report by Chairman Kenton R. Cravens. A.B.A. Deputy Manager Walter B. French in light suit, *center*



The Committee on Federal Legislation and the Federal Legislative Council meeting in New York, *left, above*. Speakers' table at the Federal Legislation meeting, *right, above, left to right*, Secretary D. J. Needham, Chairman C. Francis Cocke, and Claude E. Bennett



The Insurance and Protective Committee meeting, *left, above*. Chairman George C. Bennett at head of table. At his left, A.B.A. Deputy Manager J. E. Baum, and I & P Secretary G. H. Hottendorf. Economic Policy Commission, *right, above*, Commission Secretary W. A. Irwin, *front row, left*, and Chairman W. Randolph Burgess, *extreme right*

(Additional Convention pictures may be found on pages 58, 59, 77, 88, and 92.)

Meeting of Committee on State Legislation, *below, left*. Speakers table, *left to right*, J. L. Driscoll, Chairman Hayes Picklesimer, and Secretary T. B. Paton. *Right*, meeting of Research Council. Henry A. Theis, *extreme left*, is chairman

CONVENTION PHOTOS BY ROBERT COOPE AND BY WEIMAN & LESTER



Communism and Inflation— Twin Threats

This statement is part of the resolutions adopted on September 27, 1950 by the American Bankers Association at its convention in New York. Copies are available to banks wishing to distribute them to their staffs and directors.

WE RECOGNIZE in this critical period the responsibility of the United States in the preservation of world peace and freedom. We pledge our full support to that objective.

The present struggle against communist imperialism is taking a new form and poses new problems. Thus far, it is a different kind of conflict from the concentrated all-out efforts of two world wars. This is a long-range conflict which may last for decades and calls for long-range policies, for a pace which can be maintained. It calls not alone for military strength but for that underlying economic and social strength basic to long-term military power.

THE FIRST DUTY OF THE GOVERNMENT AND THE PEOPLE is to produce more to fill the double need for arms and for a sound economy. But something more is required—we can meet the military needs only by spending less on other things. We must therefore produce more, spend less, and save more.

The primary economic danger we face is inflation which impairs the value of money. A sound dollar in which we and the people of other countries have confidence is an effective weapon against communism which we must not sacrifice. The parallel danger is that regimentation, excessive controls, and too drastic taxation may endanger the very freedoms and the economic strengths we seek to preserve. This would play directly into the hands of the communists.

WE BELIEVE THAT INFLATION AT THIS TIME IS UNNECESSARY. With common sense action by the Government and by the people, this country has the resources to meet this emergency without either inflation or detailed regimentation of the economy.

Some desirable steps have been taken to resist inflation and preserve the integrity of the dollar. One such step was the prompt passage by the Congress of an act for increased taxes. The second step is restraints on consumer credit and housing credit, and these will have the full support of members of this Association.

ONLY A BEGINNING HAS BEEN MADE IN RESISTING INFLATION, and further action is necessary on the part of national, state and local governments, and on the part of the people themselves.

THE NATIONAL GOVERNMENT SHOULD SET AN EXAMPLE by cutting back non-defense expenditures at least to the levels of 1948, which would mean a saving of about \$6-billion a year. To avoid inflationary borrowing by the Government from the banks, the Treasury should seek to distribute the national debt more widely among the people. The bankers of the Nation again pledge their aid in the campaign for the sale of Savings Bonds. The Government can sell Savings Bonds to the people more readily and with better conscience when Government itself has taken more adequate measures to insure against the decline in the buying power of the dollar.

IN THE AREA OF MONETARY POLICY the principle should be clearly recognized that flexibility of interest rates is effective in influencing the volume of credit and the amount of savings.

Courageous fiscal and monetary policies of these sorts would reduce the need for direct controls and the need for such excessive taxation as would impair the long-range power of the country to produce.

In this anti-inflationary program, the people themselves have a duty both to encourage sound Government policies and to manage their own affairs so that they will produce more, spend less, and save more.

The foregoing principles apply to banking policies. Increased production will call for added uses of bank credit. The banks recognize their responsibility to avoid uses of credit which are unnecessary to the national effort and indeed would impair it through increasing inflationary pressure.

IT IS OUR FAITH AND BELIEF that the people of this country, working together and with their Government, have the resources, physical and moral, to meet this new emergency with courage, confidence, energy and self-control so that our way of life, with economic, political, and spiritual freedom, will demonstrate once more to the world that it is the best for human welfare.

If we will do these things we shall weaken the power of communism to disturb the peace and freedom of the world.



The G.S.B. Board of Regents meets at Convention time. Joseph E. Hughes, chairman, is at the head of the table

Graduate School of Banking Marks 15th Anniversary

STUDENTS and alumni, 1,100 strong, participated in a celebration of the 15th anniversary of The Graduate School of Banking on the day prior to the opening of the A.B.A. convention.

The afternoon program featured a panel composed of five members of the economics faculty of the School.

The evening session in the grand ballroom of The Waldorf-Astoria began with a formal banquet. Dr. Harold Stonier, executive manager of the A.B.A. and director of the G.S.B., was toastmaster. Dr. W. Randolph Burgess, chairman of the executive committee of The National City Bank of New York, was the evening's speaker.

Dr. Robert C. Clothier, president of Rutgers University, conferred an honorary degree of M.A. upon William Powers, registrar of The Graduate School. Dr. Clothier had intended to make this conferral at this

year's summer session, but Mr. Powers was ill then.

President Clothier was called upon to perform a second function—to accept in the name of Rutgers University, a check for \$75,000 from the A.B.A. Educational Foundation in Economics. The presentation was made by Francis Marion Law, of Houston, Texas.

Dr. William A. Irwin, associate director of the G.S.B., made the first presentation of the Ayres Leadership Award to Carlisle R. Davis, vice-president of State Planters Bank and Trust Co., Richmond, a member of the first graduating class of 1937. The award's citation reads that it is "to be conferred at appropriate times upon a present or former student of the school, who in the judgment of the faculty makes an outstanding contribution to banking and the national welfare of the type exemplified by General Ayres as a student, banker and citizen."

Registrar Powers, *right*, receives honorary degree from Rutgers Prexy Clothier



Banquet speaker
W. Randolph Burgess



Dr. W. A. Irwin, *left*, presents Ayres Leadership Award to Carlisle Davis





Dr. Stonier, at microphone, is introduced as toastmaster. *Left to right:* James E. Shelton, F. Raymond Peterson, Dr. Robert C. Clothier, Dr. Stonier, Dr. W. Randolph Burgess, and Joseph E. Hughes



Francis Marion Law, *extreme right*, presents Endowment Fund check to Rutgers President Clothier. *Left to right:* Dr. Eugene Agger, G.S.B. Chaplain Fraser Metzger, Dean Norman Miller of Rutgers, Mr. Shelton, Mr. Peterson, Dr. Clothier, Mr. Law

Economics faculty panel at afternoon session. *Left to right:* Dr. R. S. Alexander, Columbia University; Prof. A. Anton Friedrich, N. Y. U.; Dr. William A. Irwin, A.B.A. economist, moderator; Dr. Willard E. Atkins, N. Y. U.; Prof. Montfort Jones, University of Pittsburgh



PHOTOS BY BOB COOPER



Launching of the S. S. Constitution, American Export Lines, in Quincy, Massachusetts

WIDE WORLD

Korea: After Victory Comes Reconstruction

HERBERT BRATTER

WASHINGTON

KOREA is still our front-page story as we go to press—

Korea and all that it signifies in the way of a long-range preparedness program for ourselves and hesitant allies. What with U. S. stockpiling and speculative purchases, the famous overall dollar gap temporarily at least is being narrowed. The large prospective arms aid to Europe, the Middle East and elsewhere, added to continuing ERP, incipient Point IV and the like, promises at least active business for American producers in factory and on the farm, even though it is all paid for by the U. S. taxpayer. In Korea we face simultaneously the job of cleaning up the elusive remnants of the Northern army and reconstructing the economy. Whether the reconstruction, whose cost too we must bear, should be done under UN management or our own has been a bothersome question in the State Department.

At home here, the cost of restoring the balance of power is produc-

ing visible inflation of prices and depreciation of the currency in terms of goods and services. Foreign doubts about the dollar are reflected in the outflow of gold from this country and the relative strengthening of other currencies in the free markets. The British and perhaps other Europeans have been told, the press reports, that American defense aid in the next three years will take the form only of military goods, not dollars. Reportedly, the UK has been seeking a gift of several billions from Washington. ECA of course continues. Whether we buy arms in Detroit for Britain or oil in South America for Sweden, the effect on the dollar at home is the same.

AN EDITOR'S EARFUL

In Texas a group of foreign newspaper editors, in the U. S. as guests of their American colleagues, got an American view of current world affairs from editor Jenkin Lloyd Jones of the *Tulsa Tribune*. "Many Americans fear that we are being played for suckers" in world affairs, Jones told the group. In Korea, he added,

"the whole free world was attacked. And the whole free world, acting through the UN, ordered a counter-attack. The only trouble was that while everybody blew the bugle, only Uncle Sam fell in. We never had so many allies in a way before. And this is the first time we have been given the honor of supplying all the manpower and all the equipment. If we're real good we may even be permitted to supply all the money for reconstruction." If so, it only remains to observe that we have accustomed the world since World War II to expecting no less from us.

GLOBAL AID GETS NEW BOOST

The idea of more global aid is being passed around in Washington, with the outlines of a new program, bigger and better than ever, becoming discernible. In September the *Washington Post* had a scoop: a detailed description of the proposals being framed by Presidential Advisor Gordon Gray and his aides. A considerable modification of the forthcoming formal report would

(CONTINUED ON PAGE 126)

*Here is an essential editorial enterprise
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"INDUSTRY MOBILIZED AT PEAK LEVELS"

REVIEW AND FORECAST OF U.S. BUSINESS, INDUSTRY AND FINANCE

To be published with The New York Times of Tuesday, January 2, 1951

"WORLD TRADE— KEY TO WORLD RECOVERY"

INTERNATIONAL TRADE SUPPLEMENT

To be published with The New York Times of Wednesday, January 3, 1951

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The Country Banker

The American Bankers Association's 20-Year 1000-Point Rating Program Award was presented to the Georgia Bankers Association by W. W. Campbell, chairman of the A.B.A.'s Agricultural Commission, at the second general session of the Diamond Anniversary Convention in New York. The award was received by (standing, left to right) George M. Bazemore, Waycross; Frank W. Thomas, Washington, GBA president; and Haynes McFadden, GBA secretary (at mike)

News for Country Bankers

This news covering various aspects of country banking was compiled by MARY B. LEACH of BANKING's staff.

New Outside Program Booklet

EVERY country bank needs an outside-the-bank agricultural program as a source of new business and to promote economic welfare of the bank's trade area, according to the Agricultural Commission of the American Bankers Association, which recently announced publication of the new booklet entitled *An Outside Program for Country Banks*. This new how-to-do-it booklet was sent to agricultural committees and state secretaries of the state bankers associations and is available to all country banks through their state associations. The booklet was prepared by the Commission's Committee on Outside Farm Programs, of which V. S. Marett, president of the Gonzales State Bank, Gonzales, Texas, is chairman. It is the result of reports from country banks on their agricultural service activities.

An outside-the-bank farm program can, according to the booklet:

(1) Increase the agricultural income of the community, which will be reflected in the bank's growth.

(2) Make possible more personal and more frequent contacts with potential farm customers.

(3) Provide more accurate means of loan appraisal and more effective consultations between the bank and its farm and ranch customers as to their credit needs.

(4) Lend the bank's support in an active way to existing programs for the improvement of agricultural income and rural living.

(5) Provide credit facilities that can be tailored to the needs of the farmers and the community.

4-H Thrift Program

"EARN-SAVE-SERVE" is the title of a new leaflet describing the national 4-H thrift program developed by the Extension Service of the U. S. Department of Agriculture, the Savings Bond Division of the United States Treasury, and the Agricultural Commission of the American Bankers Association. Several months of study went into this project.

The 4-H thrift program will be featured from November 4-12 during National 4-H Achievement Week.

Copies of the leaflet have been sent to all 4-H leaders throughout the country by the Extension Service. Copies of the leaflet, together

with a suggested talk that may be given before 4-H Club groups, have been sent to county key bankers, who have been invited to serve on the county committees.

The thrift plan is designed to further emphasize the importance of thrift—a factor already included in the 4-H program. Members of the 4-H will be urged to conserve their savings by establishing savings accounts in banks, investing in life insurance, purchasing U. S. Savings Bonds, etc.

Financing Turkey Raising

TURKEY production in the Eau Claire, Wisconsin, farming area is increasing as a result of the interest shown by the Union National Bank of that city. The bank has made a number of loans to turkey growers and is convinced that it's a sound farming activity with a good future, according to H. Lawrence Nelson, assistant cashier and lending officer of the Union National.

According to Mr. Nelson, disease no longer takes the large percentage of the birds it did in the 1930s. Turkey producers have found that turkeys must be raised on clean ground, fed a balanced ration, and handled very carefully when poults. As a result, even big flocks of 2,000

to 3,500 birds are raised to maturity with a very low mortality rate.

The Union National checked up on turkey production and financing very carefully before deciding to finance a few flocks the first year. The experience of a Minnesota bank that had pioneered in turkey financing was obtained and the situation discussed with local feed firms. Mr. Nelson, who was reared on a farm, studied the turkey business from every angle.

In setting up a turkey production loan, Mr. Nelson allows \$3 per bird for feed. Hence, a farmer with a flock of 3,000 turkeys gets a \$9,000 loan. He draws upon this as feed is purchased. The poults cost about 95 cents each, so he has an investment of nearly \$12,000 in his flock just for poults and feed alone. Housing and labor are separate.

"It's a promising setup," Mr. Nelson says.

Farmer Income Down, Says Dr. W. I. Myers

DR. W. I. MYERS, dean of the College of Agriculture at Cornell University, Ithaca, New York, addressed banker guests of the Agricultural Commission, of the American Bankers Association, at an agricultural breakfast held as a part of the A.B.A. Diamond Anniversary Convention.

He pointed out that at a time when the national income and earnings of urban workers are at an all-time high, the net income of U. S. farmers for 1950 will be about 10 percent below 1949 and more than 25 percent below 1947, the peak year of the postwar period. Meat producers are still enjoying prosperity, he said, but dairy farmers, poultrymen, and most other farm producers are under real economic pressure.

The speaker described the farm price and income outlook as less

A 75th Anniversary Convention highlight: D. I. Myers, dean of New York College of Agriculture, Ithaca, speaking at the agricultural subscription breakfast. Seated, W. W. Campbell, chairman, A.B.A. Agricultural Commission



favorable than during World War II but not a pessimistic one unless compared with those levels. In the next year or two, farm prices are likely to fluctuate around or be a little above parity, barring another world war or severe drought. The prospect is particularly favorable from the viewpoint of consumer demand for farm products, especially the choice foods, meats, milk and dairy products, eggs, fruits, and vegetables.

Missouri's Short Course

BALANCED farming, balanced living, agricultural preparedness, and farm youth activity programs were the principal topics under discussion at the third annual two-day agricultural short course sponsored jointly by the College of Agriculture of the University of Missouri and the Missouri Bankers Association. The course was given in Columbia the end of September.

The short course program included challenges to bankers to provide leadership in balanced farming and in farm youth activities. The bulletin stated that 19,000, or 10 percent, of the Missouri farmers have developed balanced farming plans and are putting them into operation. It disclosed that of the 200,000 potential 4-H Club membership in Missouri,

the greatest enrolment at any one time has been 35,688.

"More of our resources should be used in bringing a larger percent of this potential under the influence of 4-H training," the bulletin declared.

Forestry Bibliographies

Two forestry bibliographies were published recently by the American Forest Products Industries of Washington, D. C. They are designed primarily for the educator and are obtainable in quantity lots.

One of these, a 16-page booklet—*Forests—Their Use and Conservation*—lists available booklets, posters, charts, filmstrips, and motion pictures dealing with forestry. The second bibliography lists the many teaching aids provided by individual forest industries and industry associations as well as by state forestry departments. Both booklets have been distributed widely to educators throughout the country.

Copies of these bibliographies are available on request to the American Forest Products Industries, 1319 18th Street, N. W., Washington.

Farm Accounting in 1866

BANK files and records are famous sources of interesting historical

Bankers attending the Agricultural Short Course in Columbia co-sponsored by the Missouri Bankers Association



lore. Since we frequently tell about steps taken by banks to educate their farm customers in farm accounting procedures, we should like to share with our readers an old pass book converted into a farm record book by Ezekiel Hickam, great grandfather of W. L. Hays, vice-president of the Exchange National Bank of Columbia, Missouri.

Mr. Hickam was what would today be termed a "progressive farmer." He pastured his neighbors' stock; kept breeding stock; and carefully recorded the birth dates of his neighbors' animals.

Mr. Hickam opened an account with the Exchange National on January 6, 1866 and on June 9, 1866 converted it into a time certificate. Thereafter he used the pass book as a personal diary and account book. Many of the entries indicate the business conditions between 1866 through 1871, when the memorandum ended.

Several entries indicate that Mr. Hickam employed his farm help by the month or the year and kept meticulous records of time lost. Instead of deducting pay, he insisted that the time lost be made up.

Farmers' Clinic a Success

THE First National Bank of Belden, Nebraska, marked its 60th birthday by sponsoring a farmers' clinic. As a build up for the clinic, the First National sent out specially prepared direct mail folders to its farm customers.

One of the folders, an adaptation of its regular folder featuring the home, the church, the school, and the community bank—cornerstones of the American way of life—was illustrated with pictures taken during the years of community groups, de-

Florida Bankers Association credit panel at LaBelle meeting, left to right, G. R. Griffin, Tampa, chairman, FBA's committee; J. C. Rogers, Leesburg, FBA president; J. W. Crews, Wauchoula; S. H. McDougald, Okeechobee; Harry Nye, Palm Beach; and, standing, County Agent Rosey Williams, tour manager



picting life in Belden from 1905 to the present. The other folder, also illustrated, was devoted to soil conservation.

Topics covered at the clinic included: "Conservation Pay"; "Public Policy and the Pros and Cons of the Proposed Farm Programs"; "Corn Borer Control"; "Commercial Fertilizer"; and "Sweet Clover Weevil Control."

The clinic was followed by entertainment and refreshments.

Livestock-Pasture Meetings

THREE regional livestock and pasture development meetings for bankers and professional agricultural workers in the Chipley, Ocala, and LaBelle sections of Florida during September were well attended. These meetings, sponsored by the agricultural committee of the Florida Bankers Association and the soil conservation committee of the Jacksonville Branch of the Federal Reserve Bank of Atlanta, gave all concerned an opportunity to gather practical data on modern farming practices.

During a tour of a local farm, agricultural specialists, including agricultural agents and Extension Ser-

vice representatives, commented on the operation and improvements of the farm plant.

Following the tour a panel of bankers, led in each instance by J. C. Rogers, vice-president, First National Bank, Leesburg, and president, Florida Bankers Association, discussed credit aspects of what they had seen. At the close of the meetings, the Federal Reserve Bank was host at barbecue suppers.

"As a sequel to these three meetings," writes Executive Secretary Floyd M. Call, "our agricultural committee plans to promote as many local meetings as possible. These would be handled by the members of the committee in their localities."

An Envious Record

"NEVER in the history of our bank—from 1905 to the present—have we foreclosed on a real estate loan to a farmer," said Gladys S. Schaeffer, cashier, The Farmers Bank of Trenton, Illinois, before the convention of the Association of Bank Women in New York.

"We try to be very careful at the time we make a loan," Mrs. Schaeffer said, "and we work with the farmer during the term of the loan to help him pay it off. We record our chattel mortgages to give other banks the chance of knowing what the borrowers are doing.

"We take the farmer's financial statement, and we take it seriously. We do not take it as a mere formality, but we study the farmer's particular situation. This statement is renewed each year. We have many of our loans checked by an experienced livestock man. We try to watch the land values very carefully; we try to be conservative, but not so conservative that we chase business away."



Officers and directors of The First National Bank of Belden, Nebr., during the bank's 60th anniversary celebration. Back row, Directors B. H. Moseley, C. M. Arduser, and Vice-president R. K. Draper. Front row, Bookkeeper Lucille Kuhlman; President Barks; Cashier V. P. Weyhrich; and Assistant Cashier Bertha Burton



Favorite team for citrus grove tillage—Case "DO" tractor and "OBL" offset harrow.

Ideal for truck growing—Case "VAH" high-clearance tractor with widely adjustable tread.



Business that Belongs to Local Banks...

● American agriculture faces the problem of continuing high costs. High wages, high taxes and high-priced supplies are not to be offset by lower levels of earning and living, but by higher productivity per acre of crop, per head of livestock, and...most importantly...per hour of labor.

For bankers, too, there is a continuing problem. There is more competition, from public and private sources, for the business of financing farm improvements and equipment. But there also is more opportunity for you, the local banker, to go forward with that business. You have first-hand

familiarity with the farmer and his farm. You are in a position to encourage the adoption of methods and machines that push his costs down, his returns up. Building such machines has been our business for 108 years. Financing their purchase, we believe, is business that belongs to local banks. J. I. Case Co., Racine, Wis.

Preferred for pasture-building—Case Brushland disk harrow and mighty Model "LA" tractor.

For saving more of seed crops—Case Model "A" combine with spike-tooth cylinder.



Simple, fast—Case Forage Harvester chops and loads all hay and silage crops.



SERVING FARMERS SINCE 1842

Bank Leads in Restoring Soil Vitality

JOHN C. DAVIS

The author is farm editor of the Cleveland Plain Dealer, Cleveland, Ohio.

IN the 150 years since Ashland County, Ohio, land was first brought under the plow, farmers have worked the land hard; have mined much of the native organic matter from the soil; and have followed cropping rotations and mechanical methods that left the soil vulnerable to erosion by the wind that blew and the rain that fell upon it.

Obviously, if the state of soil health was to be good so that the Ashland County farmers could be financially healthy and The Farmers Bank of Ashland prosperous, organic matter should be restored to the soil and the bad cropping and mechanical processes ended.

That the practice of soil conservation by the farmers of Ashland County was a matter of importance to his bank was the conclusion Vice-president Virgil L. Cox reached three years ago. The next step was to do something about it.

Donald Coffman, the Soil Conservation Service's farm planner, Norman Shilliday, the county agent, were consulted. The experts definitely established that any Ashland County farm could be brought back to its full state of virginal health if the operator would follow established soil use methods.

Mr. Cox pressed forward. The next step was to acquire a run-down

The entire cropping program, a rotation of corn, small grain and grass, with the grass running two or three years, is now in operation. Not all of the soil conserving field work is completed, but it is time to check up.

Estimated costs of the project today run around \$4,500, a total of about \$20 an acre but the investment is beginning to return dividends and the promises are positively glowing.

With the prospectus as it stands today, Mr. Cox figures a reasonably good, alert salesman

could clean up handsomely.

In addition to a hundred percent increase in hay yields, wheat returns have jumped 20 percent, oats are up 25 percent, the cows are yielding at the rate of 8,000 pounds of milk a year as against a former yield of 5,000 pounds and the egg product per hen has stepped up from 115 per year to 125.

Figuring these increases at current market prices they add up to a little over \$1,200, not a bad return on a \$4,500 investment.

farm and build it up while attracting farmer attention through organized publicity.

The idea of using a private farm was abandoned for many reasons, including the fact that a more complete state of freedom of action was necessary to the whole project than could be assured if the property belonged to an individual.

It was decided to approach the county commissioners to see if they would be willing to permit the county farm to be used for the project. They were agreeable and so it was that the 210-acre Ashland County farm became the site for the soil use laboratory.

Conservation Plan

The Soil Conservation Service then went to work to make a conservation plan for the farm. A complete soil and water use plan was engineered to fit the soil for cultivation and drainage along with a cropping program designed to check erosion and restore health and depth to the vital topsoil from which comes the organic and mineral elements necessary to plant growth.

The Ashland County farm plan was completed in July of 1948 and when Vice-president Cox had finished studying it he realized that the four-year plan necessary to do the job he wanted done was a large order. However, he was not dismayed.

Cooperative Effort

Mr. Cox came up with the idea that other Ashland County businessmen could be interested, because their future, too, was wrapped up in the health of the soil. They could be induced to cooperate in the project.

To their cooperation Mr. Cox attributes much of the success of the project. The county farm implement dealers, some 13 or 14 of them, immediately took the project under their wing and agreed to furnish

(CONTINUED ON PAGE 108)



Vice-president Virgil L. Cox, right, stands knee-deep in a field of alfalfa mixture, a production that is part of the Farmers Bank soil and water conservation project

FIELD WAREHOUSING

Warehouse Receipt Loans Against Inventory

The average business today has such a large percentage of its assets in inventory that many loans are in effect "Inventory Loans." This situation has resulted in increased use of our Field Warehouse Service which establishes a bonded warehouse operation on the borrower's own premises. Where they deem it necessary, banks have made Warehouse Receipt Loans against raw materials or finished goods to give them more effective inventory control and additional insured security.

★

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128 Jackson St., Albany 1, Ga. • Healey Bldg., Atlanta 3, Ga. • 60 State St., Boston 9, Mass. • 14 Lafayette Square, Buffalo 3, N. Y. • 173 West Madison St., Chicago 2, Ill. • Thomas Bldg., Dallas 1, Texas • National Bank Bldg., Detroit 32, Mich. • Roosevelt Bldg., Indianapolis 4, Ind. • 121 W. Forsyth St., Jacksonville 2, Fla. • 520 W. Seventh St., Los Angeles 14, Calif. • 39-45 No. Third St., Memphis 3, Tenn. • 404 St. Charles St., New Orleans 12, La. • 16 So. Broad St., Philadelphia 2, Pa. • Keystone Bldg., Pittsburgh 22, Pa. • 425 East 8th St., St. Paul 1, Minn. • 235 Montgomery St., San Francisco 4, Calif.

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The Investment Market

Governments—Other Securities

Government Bonds

MURRAY OLYPHANT

The author is a member of the faculty of The Graduate School of Banking and a Government bond and money market specialist.

OF the \$13,500,000,000 of Treasury bonds and certificates which matured on September 15 and October 1, about 17½ percent (\$2,376,000,000) were paid off to holders of the maturities who refused to accept the 1¼ percent notes offered in exchange. Not since March 1949 has an exchange offer shown such a high percentage of demand for cash payment, but at that time the Federal Reserve was taking cash for its own holdings of successive monthly maturities in pursuance of a policy of reducing its total Government holdings and offsetting its purchases of longer bonds.

This time—due to the unpopularity of the terms of the new notes—the Treasury was faced with the threat of a demand for cash which might have been embarrassing. Hence, the action of the Open Market Committee in taking all offers and acquiring—prior to the respective exchange dates—a total of about \$9-billion of the maturing issues, which issues were then exchanged for the new Treasury offerings.

Offsetting Sales Made

As such heavy additions to the Federal portfolio, if not offset, would have drastically inflated the credit base of the banking system, and hence would have been the exact opposite of what the Federal was trying to accomplish, offsetting sales

were stimulated by cutting the price and thereby raising the interest rate return on already outstanding issues of early maturities.

As a result, decreases in holdings of about \$8-billion were made—part of which resulted from the failure of the Federal to roll over its weekly maturing bills during the period. So that, for the period from August 16 to October 4 the total portfolio of the Federal increased only about \$1-billion. Furthermore, the greatest weekly increase took place in the week just prior to the month-end statement date, which found the banks carefully preserving their reserve positions.

October Money Picture

After October 1 the money picture eased and there was some reason to believe that during the month of October a net decline in Federal holdings could be expected. Should this be the case, the whole operation would have been successful in attaining the first objective we mentioned last month—i.e., to avoid the inflation of bank credit by an increase in the total of the Federal portfolio.

The Treasury was able to meet the demands for cash payment of over \$2,250,000,000 of the maturing issues without recourse to direct borrowing from the Federal Reserve banks, and without reducing the working balance—i.e., general fund balance less \$1-billion free gold—below about \$2,800,000,000, which was the low on September 15. Calls on tax and loan accounts totaling about \$1,700,000,000 maintained the

Treasury deposit balances at the Federal and receipts from income tax payments in the last two weeks of September again lifted the working balance above \$4-billion by October 1.

Some hundreds of millions of new cash flowed in from subscriptions to "F" and "G" Savings Bonds early in October, while the increased tax rates will raise receipts from income taxes withheld. The possibility of any new financing for cash—other than whatever "F" and "G" Savings Bonds are taken—has been indefinitely postponed.

Moreover, there is a real possibility that the budget for 1950-51 will be nearly in balance. To the end of September a surplus of \$296-million was reported for the current fiscal year. For the same period last year there was a deficit of \$1,756,000,000. With higher taxes in effect, the January-March quarter might show a substantial surplus. Perhaps any increase in military expenses due for payment early next year will be equaled or exceeded by greater tax receipts. The current budget outlook is sharply different from expectations when the fiscal year commenced last July.

Record Turnover

Summing up, the actual transactions of the Open Market Committee involved the largest turnover ever recorded. The total increase in the Federal portfolio was kept within reasonable bounds. And what might have been an embarrassing demand on the Treasury for cash payment was avoided.

Despite the sharp difference of opinion between the Federal and the Treasury as to the desirability for or effectiveness of higher short term rates as a deterrent to further inflation of the money supply, via steadily increasing bank loans, the actual market operations of the Open Market Committee were keyed to the basic market and Treasury requirements.

All during September, two threats hung over the market—(1) the constantly growing belief that at almost any time the Board of Governors of the Federal Reserve System would order an increase in the reserve requirements of the member banks, and (2) complete uncertainty as to just how far up the rate for 1-year would go, although $1\frac{1}{2}$ percent was very generally recognized as the maximum possible.

With these two threats hanging over the market like the sword of Damocles, it is not at all surprising that prices steadily drifted downward. The fully anticipated availability of the new $1\frac{1}{4}$ percent notes on a 1.35 percent basis (a discount of a little over \$1 per \$1,000 bond) and the weekly increase in the yield from Treasury bills naturally lessened demand for the intermediate and longer issues. Offerings met lower bids. Dealers were unwilling to make bids unless assured of resale. The spread in yield between the short, intermediate and longer maturities was forced to readjust itself and did so.

Small Declines

The bank popular eligible $2\frac{1}{4}$ s and $2\frac{1}{2}$ s callable in 1956 declined about three-quarters of a point, resulting in an increase in available "before tax" yield of about 0.15 percent. At the low point the yield of about 1.70 percent for less than six years seemed to be fully recognized as very good value. The "bank" $2\frac{1}{2}$ s of 1972/67 dropped a point and a quarter to around 104, while the ineligible "Victory" $2\frac{1}{2}$ s violated the price of 101 which had been suggested as the minimum, sinking to a low of 100 $\frac{3}{4}$. This, however, was countered by a reversal of the previous Open Market Committee policy of selling the long bonds.

For 35 successive weeks from December 14, 1949, to September 6, 1950, over 5-year maturity holdings of the Federal Reserve had declined each week. A total of \$3-billion of

these "ineligible" bonds had been taken by purchasers—some undoubtedly on a speculative basis against which loans had been made. Breaking the 101 level again raised question as to the sanctity of the par figure. Some loans were liquidated. Prospective investment purchasers held off. The long term $2\frac{1}{2}$ percent anchor seemed to be dragging. At once, action was taken. Open Market Committee bids at 100 26/32 took any over-supply of offerings. In the four weeks from September 6 to October 4 over \$300-million was added to the Federal portfolio. The long-term $2\frac{1}{2}$ percent anchor was not allowed to drag.

The $1\frac{3}{8}$ percent and $1\frac{1}{2}$ percent notes of 1954 and 1955 slid off also—and by early October showed yields of about 1.60 percent, as compared with 1.40 percent for the former and 1.47 percent for the latter on August 18. The short-term rate had been considerably altered.

Another Deterrent

Whether it has been altered enough to act as a deterrent to banks in making new loans is highly doubtful. The better rate on loans is still desirable. But, there is another deterrent, which may be more effective—to make loans result in a rise in deposits. A rise in deposits requires the provision of additional reserves. To provide additional reserves, securities must be sold. To provide for this contingency is one of the reasons for so-called secondary reserves, i.e., short term securities. The decline in the prices for the shorter term securities means in many cases that their sale would involve a loss—perhaps not very great, but a loss nevertheless.

Taking losses is not a popular banking sport. This may be a somewhat more effective deterrent to increasing loans than the slightly better income rate in the short term area.

The Federal Reserve statement of policy on August 18, 1950, said that the Board of Governors and the Open Market Committee were "prepared to use all the means at their command to restrain further expansion of bank credit consistent with the maintenance of orderly conditions in the Government securities market" and were "prepared to request the Congress for additional authority should that prove necessary."

Exactly one month after that statement was made, restrictions were placed on consumer loans (later tightened further) and real estate mortgage loans also were made subject to regulation. Both types of loans had continued to rise.

No sooner was the policy statement made than business loans started an almost perpendicular and unprecedented rise (lasting until the new restrictive measures had a chance to be felt).

What "means" are at the command of the Federal Reserve Board? Which have they used?—and what part could the Open Market Committee play?

The "Last Shot"

Other than the $\frac{1}{4}$ percent rise in the rediscount rate, authority to stiffen terms on consumer loans (which already has been used) and on real estate loans in the non-governmental area, only one other of the "means" remains available, which is to raise the reserve requirements of the member banks. Once that is done the Board of Governors is powerless until Congress meets again and "additional authority" is granted.

Will the last shot in the locker be fired? To force the member banks to freeze about \$2-billion additional cash in their reserve accounts at the Federal Reserve banks would effectively limit their ability to make additional loans *except that the greater amount of cash reserves needed by the banks could and would be obtained by the sale of Government securities*. Such sales would force the Open Market Committee to add very substantially to the amount of Government securities held in the Federal portfolio in order to maintain "orderly conditions" in the market, thereby cancelling the deflationary effect of the higher reserve requirements.

It May Not Be Needed

As this is written, the Board of Governors has not fired its last shot. Sufficient time has not elapsed to determine whether the loan increase will be continued. Some evidence exists that perhaps the public buying spree has run its course. Some commodity prices have weakened. A mild reversal of inflationary pressures is not impossible.

The last shot may not need to be fired.

The Steel Industry

H. EUGENE DICKHUTH

The author is a financial writer on the New York Herald Tribune.

FEW American industries are of more pivotal importance in war and peace than steel. Managements of that industrial group are faced today with a number of grave questions which may have a profound effect on the economy as a whole.

Of immediate import will be the end result of the current wage negotiations. If labor is able to force a substantial rise in wages, beyond company offers, indications are that steel prices will be raised again. Union demands are based on tabulation of net profits and, thus, "ability to pay."

Unofficial figures show that 15 leading steel companies, representing about 85 percent of the industry's ingot capacity, had a total net income of \$187,406,095 in the second quarter, against \$125,374,742 in the corresponding three months of 1949, an increase of about 50 percent. Profits of 17 concerns in this field for the first six months were \$327,613,511, a rise of 17.6 percent over the earnings in the first half of 1949.

Managements emphasize that these monetary achievements had nothing to do with workers' productivity. Higher profits resulted primarily from new equipment paid out of profits. The 17.6 percent rise in earnings in the first half is contrasted by a production increase of only 2.6 percent.

The outcome of the wage negotiations will determine whether or not the American economy will advance another rung on the inflationary ladder, for steel prices are component parts of production costs in many industries. About 70-million tons of finished steel products made annual-

The Investment Markets

THE equity markets have continued to be dominated by the bulls rather than the bears, and technicians believe the chances are good that, with some temporary and sectional setbacks, this general condition may carry through and, perhaps, beyond Election Day. The very real question of inflation is still uppermost in traders' minds. Contrary to this sentiment is the possibility that the end of the Korean hostilities may be followed by a peace offensive, that rearmament programs may be revised downward, and that a recession from the present high level of activity may follow—maybe next year. This is a minority view, but an earnest one. It would have the silver lining of no further rises in taxes, and of elimination of excess profits tax legislation from the Congressional calendar.

So far as the outlook for the bond market is concerned, experts look toward a gradual and moderate contraction in the volume of corporate financing. Some industries, notably those turning out strictly civilian goods, may tend to accumulate funds to take care of higher taxes, and they will be less ready for outlays for new plants and equipment. Restrictions on building are also likely to postpone the long-awaited large volume of tax-empt Federal housing bonds. For the same or similar reasons, municipal financing may also decline fractionally.

The decline in the supply of corporate bonds may prevent yield differentials between corporates and governments from widening and might even cause them to narrow somewhat. This may effect the various groups of institutional investors differently, but it is a factor to be considered.

ly provide material for about 40 percent of the nation's plants.

Related to the problem of wages and prices is that of capacity. At present, there is a seemingly insatiable demand for steel for both home and military purposes. Yet, since 1939 when World War II began, steel capacity has increased 47-million tons, or 90 percent. Total steel capacity in the United States is now greater than those of all the other nations put together. Steel output is currently running at the rate of more than 1,900,000 tons a week.

Yet, another expansion program got under way after outbreak of hostilities in Korea. Within the next 27 months, the industry as a whole will have added another 5-million tons of ingot capacity.

So far as present demand is concerned, there is no doubt that all the existing and future mills and plants will be fully employed. At the same time, there are grave doubts whether under a semblance of conditions which were previously regarded as normal such a capacity is justifiable in the long run. Both the optimists and the pessimists have valid arguments and only the future will settle that issue.

Integrated with steel production

is the question of limestone, coal and ore. There is, of course, enough limestone and coal in the United States for generations to come. In the Mesabi range, lower grade ore deposits are now being tackled by pilot plants and deep in the interior of Venezuela, near the Equator, one of the richest iron ore mountains in the world is scheduled to be exploited by American industry with the cooperation of the Venezuelan Government.

It will require the building of railroads, docks, seagoing vessels, and two new towns for American and native workers, construction of roads, power plants, and enormous earth-moving equipment.

This project, prompted by the knowledge that there may not be more than a 20 years' supply of high grade ores left in this country, is a little farther along than another huge one, about 300 miles north of the St. Lawrence River in eastern Quebec and western Labrador.

There, too, enormous deposits have been proved, and a group of American life insurance companies is now negotiating for the extension of a \$100-million loan to a group of United States and Canadian companies for the building of a railroad

(CONTINUED ON PAGE 74)

Instantly **ACCEPTED...**

in 190,000* Restaurants (for example)



Your customers rely on you to give them the best possible service in every way. Therefore, when you offer them American Express Travelers Cheques, you offer them the most acceptable cheques with the best service in the world.

American Express originated the Travelers Cheques in 1891. Through years of vigorous promotion and national advertising, they have become the best known and by far the most widely accepted cheques in the world.

Instantly Recognized in a Million Places

As a result, at a million places — restaurants, hotels, gas stations; railroad, bus and air terminals; shops and stores in the United States and all over the world — American Express Travelers

Cheques are instantly recognized and accepted. It's indeed a small, or out-of-the-way place that has never heard of them.



They Command a World of Service

In case of loss or theft, your customers can count on assistance at any of the 174 American Express offices in the United States and abroad, and of the cooperation of thousands of American Express agents and correspondents everywhere. In time of need, a quick refund or financial help is given with the same degree of courtesy, the same spirit of friendliness they find at your bank.

AMERICAN EXPRESS TRAVELERS CHEQUES

THE MOST WIDELY ACCEPTED CHEQUES IN THE WORLD!

*Total Eating Establishments in the United States—194,204. Source: U. S. Department of Commerce, Census of Business, 1948



The case of the *outgoing* income

(Based on Hartford Claim #40B80516)

We are in the wholesale grocery business. To enable our retailer customers to restock their shelves for each day's trade we make regular night deliveries. Collections brought in by our drivers after office hours are slipped through a wall slot into our night depository — a steel box that is kept in a locked room.

One night someone broke into this room, forced open the box and stole over \$4800 from it. Whether this was an "inside job" or the work of an intruder could not be determined. Under old style insurance policies that circumstance might have caused us considerable trouble and delay in collecting our loss. Fortunately we carry modern comprehensive Hartford protection and the Hartford promptly paid us in full.

Here is an excellent example of the greater protection given your clients' businesses (and your loans) by the modern Hartford "3D Policy." In a single contract, free from technicalities, this insurance covers businessmen against losses of money and securities by dishonesty, disappearance or destruction, and loss of other property by burglary, robbery or dishonesty. Without costing more it eliminates loopholes that can exist in less comprehensive combinations of protection. *Safeguard your loans* by advising your clients about this broader protection! Return coupon below for full details, or see your local Hartford agent or your own insurance broker. In over 5,000 communities you can secure the name of the nearest Hartford agent quickly by calling Western Union by number and asking for "Operator 25."

HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD FIRE INSURANCE COMPANY
HARTFORD LIVE STOCK INSURANCE COMPANY

HARTFORD

ACCIDENT AND INDEMNITY COMPANY

Hartford 15, Connecticut

Please send details of the Hartford "3D Policy"

9

Name _____

Firm Name _____

Address _____

City _____ State _____



(CONTINUED FROM PAGE 72)

to exploit these new finds. Liberia and other South American locations loom as future suppliers of more iron ore, if needed.

Among the metals going into alloys, required by the steel industry, there is a scarcity of nickel at the present time, and the long-term outlook for manganese has caused some concern, but new foreign sources of supply, it is hoped, will alleviate that situation in due course. Acute shortages of nickel may force a change in steel specifications meanwhile. However, executives feel that Government stockpiles of zinc, tin, chrome, and copper have insured the steel industry of a sufficient supply of these metals for some time to come. Scrap is not believed to represent a serious problem, either.

With the major physical factors entering into the steel picture in satisfactory shape, there is no reason to assume that the outlook for the industry, as a whole, is not a hopeful and satisfactory one — in both war and peace. Its past record of production and earnings augurs well for the future.

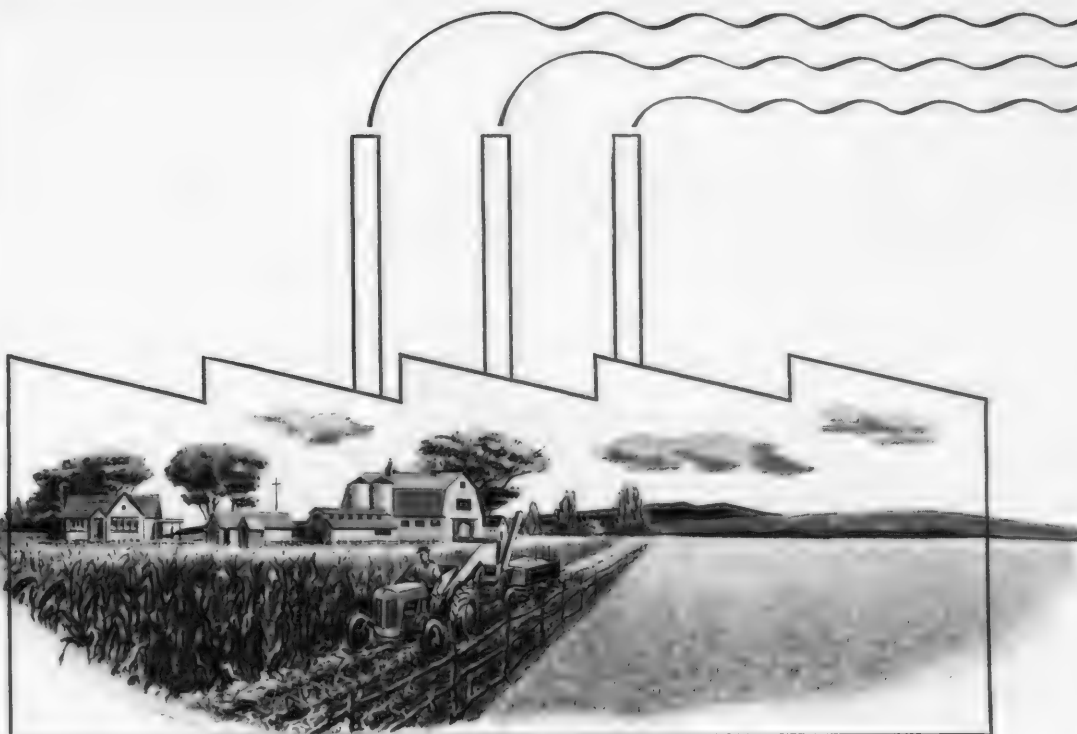
Prospects for a favorable future development are enhanced by the increasing partnership of steel in what may be referred to as the dawning chemical age. Directly or indirectly, the steel industry already contributes to the production of nylon, plastics, benzine, sulphur drugs, fertilizers, aspirin, cleaning fluids, insecticides, synthetic rubber, mothballs, explosives, perfumes, and vitamins, to mention only a few.

Obviously, the development of coal chemicals is by no means concluded, and as the years roll by and scientific research progresses more, better utilization of steel by-products will be achieved. This is likely to play an important part in the industry's future and in its earning capacity.

A detour is the shortest distance to the wrong place.

No person is ever so near-sighted he can't see the other fellow's faults.

In a democracy everyone can make a speech and does.



MODERN FACTORY... *Country style*



FERGUSON HIGH LIGHTS

- Over a half million tractors incorporating the Ferguson System sold since 1939.
- A broad line of over 60 quality engineered implements for virtually every farming need.
- Ferguson Tractor now produced in "World's Most Modern Tractor Plant" at 72-acre Ferguson Park, Detroit, Michigan, and in Coventry, England.
- Distribution in over 65 countries throughout the world.
- Rapidly expanding dealer organization with some desirable territories still available.

Today's modern farm is to the rural community what the big industrial plant is to the city!

Both are "factories". Only major difference is that one produces food and fibre . . . the other, airplanes or automobiles.

To and from each flows the very life blood of the economic wealth of the community and the city.

To Main Street, it is vital that the hundreds and thousands of farm "factories" in its orbit be conducted efficiently, profitably. Essential to such operation are—*lower production costs* and *increased profits* for the farmer . . . *lower food costs* for the consumer.

Modern, mechanized farm equipment is indispensable to the achievement of such a goal. To this end, the revolutionary Ferguson System of Farming was dedicated more than ten years ago! Today, this System is an integral part of the new Ferguson Tractor and Ferguson System Implements.

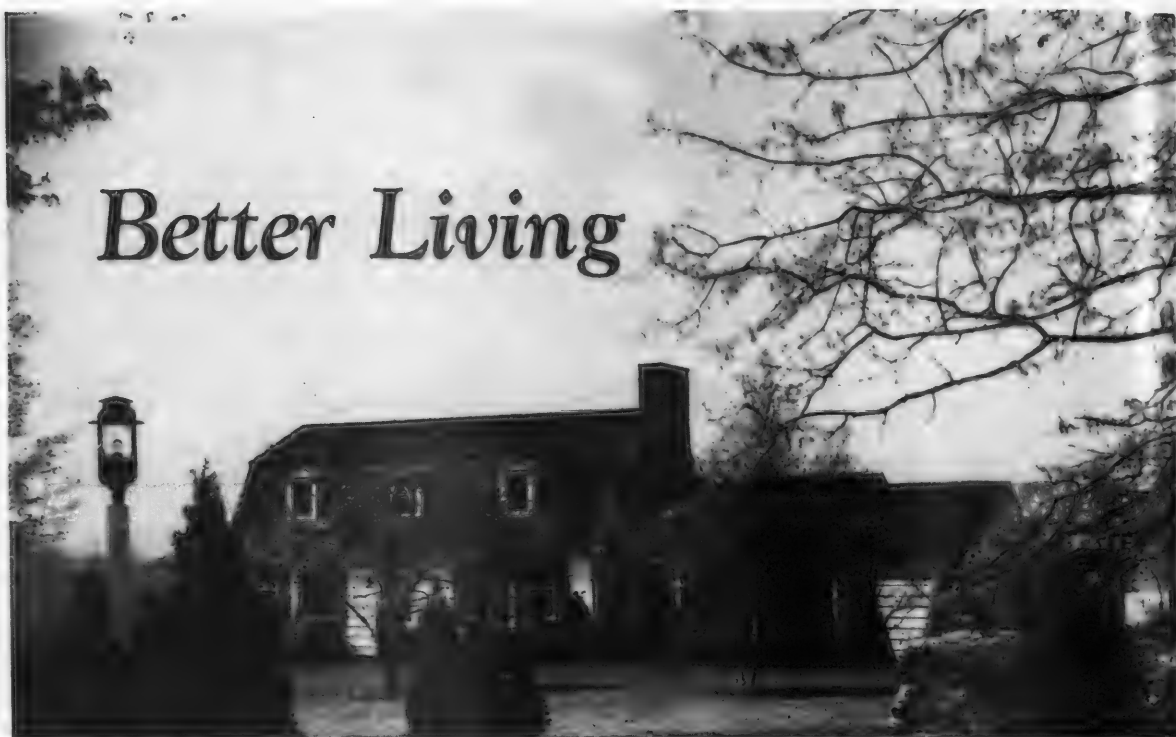
If you are interested in how the Ferguson business makes its contribution to the economy of *your* "Main Street", may we suggest you write Mr. Horace D'Angelo, Executive Vice-President, Harry Ferguson, Inc., 3637 E. Milwaukee, Detroit 11, Michigan.

Ask to see and hear the complete story about Harry Ferguson, Inc., its plan, philosophy, products, engineering and merchandising.

Copyright 1950 by Harry Ferguson, Inc.



FERGUSON TRACTOR and FERGUSON SYSTEM IMPLEMENTS



PHILIP GENDREAU, N. Y.

Ad Standards Set Up for Consumer Credit

This selection of news and opinion was compiled by THEODORE FISCHER of BANKING's editorial staff.

THE Association of Better Business Bureaus has again promulgated a set of voluntary standards for advertising consumer credit. The standards issued are the same ones which the Association had in effect during World War II and which were reissued in September 1948. And, as before, the American Bankers Association has signified its support of the standards.

The ABBB voluntary standards are:

(1) No advertiser shall make any statement about credit terms which is false or misleading or which tends to frustrate Regulation W.

(2) No advertiser shall make any offer or representation which states or implies that loan or credit terms are available, which in fact are not obtainable under Regulation W.

(3) No advertiser shall use any statement which states or implies that loan or credit terms, permitted by Regulation W, under special circumstances or in limited cases only, are available generally.

(4) No advertisement shall be so constructed, typographically or otherwise, as to create the impression that credit terms featured apply to all merchandise, loans, credits or services offered in the advertisement, when such is not the fact.

(5) No advertiser shall offer allowances or credits, including trade-in allowances, which are fictitious or exaggerated or in any way tend to mislead.

Must Be Specific

(6) When instalment credit terms are advertised as specific amounts per week or per month, the advertiser shall refer to the fact that a downpayment is required, if such be the case. (Note: It shall be deemed satisfactory, in complying with this standard, if an advertiser adopt any one of the following methods of compliance):

a. Name the amount of the downpayment specifically.

b. Name the percentage of downpayment required.

c. State, without qualification, that a downpayment is required.

(7) No specific downpayment shall be quoted in an advertisement which

is less than the amount required in Regulation W.

(8) When offers to lend money for the purchase of listed merchandise are advertised, the advertiser shall refer to the fact that such loans are limited to only a portion of the purchase price or to the purchase price after the downpayment.

(9) No advertiser shall refer to an instalment credit as a charge account. Instalment credit is defined by Regulation W as a "credit which the obligor undertakes to repay in two or more scheduled payments or as to which the obligor undertakes to make two or more scheduled payments or deposits usable to liquidate the credit, or which has a similar purpose or effect."

(10) No advertiser shall employ the phrase, "No money down," or its equivalent, in connection with a charge account.

(NOTE: For the purpose of these standards the term "Advertiser" shall include all who sell or lend by printed or oral representations.)

The Board of Governors of the Federal Reserve System has expressed its approval of the voluntary standards, and pointed out that

Regulation W does not include any control of advertising. The Board said further that "the cooperation afforded to the Board and the Reserve banks by your organization and other business groups during previous regulations has been deeply appreciated."

Not All—

61 Out of 100 Families Got No Durables in '49

WITH controls on consumer credit now in force, and the great hue and cry over mounting consumer debt, it is interesting to note that everybody isn't seeking credit.

In 1949, 61 out of 100 families bought no durables of importance in the whole year, while the purchases of 14 out of each 100 amounted to only \$1 to \$199, according to the 1950 Survey of Consumer Finances compiled by the Board of Governors of the Federal Reserve System.

Only 8 American families out of every 100 in 1949 made expenditures on durable goods amounting to \$500 or more. Only 17 more out of each 100 bought durables worth from \$200 to \$499.

The study disclosed that couples in the first two years of married life are the really heavy purchasers of durables. About 5 out of every 10 of these couples purchased \$300 or more of durables; one in 10 spent \$1,000 or more in 1949.

Re: Money—

Newspaperman "Wouldn't Want to be a Banker"

"IN my search in the community for industrial activities as subject matter for these articles I found, as you know, everything motivated by one thing—money. I decided therefore to have a look into this very important stuff that seems to make the world go round.

"When you are interested in automobiles you see an auto dealer; farm implements, an implement dealer; etc. So I decided I would go to a money dealer, the bank."

This comes from the first of three columns on the Kanabec State Bank, Mora, Minnesota, written by Jim Klapmeier for the *Kanabec County Times*. This is the bank of which Frank P. Powers, former treasurer of the A.B.A., is president.

Klapmeier gives plenty of facts and figures on the bank and what it has done for its community. And he received a few surprises. For instance:

"My previous mirage of a banker had been rosy indeed. I visualized short hours, plus upholstered chairs, and stacks of money as the welcoming invitation a banker greets on his arrival in the morning.

"Imagine the rude, shocking, and demoralizing jolt I received when I first sauntered into the bank at 9:01 recently and found to my startling surprise that the bankers' day had commenced fully two hours earlier."

In another column about the bank:

"Time and space make the complete coverage of the bank an impossibility, but this much I can relate—I wouldn't want to be a banker. I found that there are few things so close to a man's heart as his pocketbook.

"When he allows it to be opened and its contents placed under your jurisdiction, he becomes a critical kibitzer on how it should be handled. He will watch with more than random interest each phase of the apportionment of his money and he will rant loud and long when his policy is not the conformed one.

"Yes, how would you like to be given \$3,300,000 by 3,800 of your friends and be told to invest it with the most satisfactory results possible?"

In another column, the writer described giving a check for a purchase in a local hardware store, and then following the check through the bank.

Self-Help—

Constructing Own House Makes Safe Investment

THE *Ladies Home Journal* has been promoting the "build it yourself" idea for home construction. It has developed plans which should require a minimum of building skills and the magazine recently pictured a very handsome house built for \$9,000 which could sell easily for double that amount.

Banks ordinarily require that when a home loan is made, the house must be completed within three months. However, many banks have been making exceptions to this rule in the case of a man building his own house. They take the position that the best collateral a man could have is his own sweat. This is what one well-known banker calls "sweat equity."

When a man gives the effort to build his own home—after hours, on weekends, and on holidays—it

Members of the A.B.A. Consumer Credit Committee and guests meeting during the A.B.A. 75th Anniversary Convention are, left to right: Edward J. Frey, Lehman Plummer, Tim J. Gullivan, John Paddi, C. L. Sayre, Daniel Leary, J. Andrew Painter, Lloyd Clark, William J. Boyle, Edward H. Roden, Emerson Sturdevant, John M. Patton, Ellis Ridgway, and Russell Speare



is highly probable that the last thing in life he would allow to go by default would be his house.

This would seem to make a home loan on a self-constructed dwelling one of the safest possible investments.

The Oak Tree—

Swedish Banks Active in Thrift Promotion

THE energetic Sparfrämjandet (Swedish Savings Banks Association) brings BANKING up to date on the thrift promotion work of these institutions.

Currently, it seems, there are nearly 20 media for publicizing the better living savings story to the people of Sweden. Most of the material is attractive printed matter—posters, publications, advertisements, blotters, and budget books.

Of particular interest are the two budget books or "cash books": one for "Household" and the other for "Youth."

They are well designed, and with certain distinct differences from any budget books here in this country. For instance, one item is for "health, hairdressing, baths." The latter refers to the public baths which are used extensively in Sweden where many homes lack bathing facilities. Another notable difference is the lack of any space for medical expenses. This is taken care of under "insurance," as Sweden has socialized medicine.

The household budget book has a space for entertaining, and the youth book has space for "guests, presents." In the household book there is no single item for food; this is broken down into six categories: milk and dairy products; groceries;



meat; fish; bread and bakery products; fruit. Fresh fruits are quite expensive in Sweden, and hence rate a separate item.

In most Scandinavian countries, each trade, profession, or business has its own sign, just as in this country the three golden balls always designate the pawnbroker. The sign for the Swedish savings banks is, appropriately, the oak tree. One promotion of the Sparfrämjandet was having textiles printed with the oak tree symbol, and many metres

of the material have been sold for draperies.

Home Buyers—

Younger People Today's Big Mortgage Market

TODAY's home buyer is 17 years younger than the home buyer of 21 years ago.

That is the discovery made by statisticians at The Dime Savings Bank of Brooklyn after a study of mortgage records which showed the average age of borrowers is 31 today, compared with 48 in 1929 and 41 in 1939.

Easier mortgage financing terms for war veterans has been only part—
(CONTINUED ON PAGE 80)

Cover of the "Savings Banks' Little Cash Book for the Household" issued by the Swedish Savings Banks Association

SPARBANKERNAS

lilla

KASSA

BOK

för hushållet

PERSONAL indebtedness has not risen so fast as personal income. While indebtedness has reached new highs, incomes have more than kept pace.

Personal income is at an annual rate of \$223-billion. In 1940 it was \$78-billion; in 1929 it was \$85-billion.

TO BE PRACTICAL, controls simply have to be arbitrary. They cannot be so written as to dissipate their effectiveness down the alleys of reasonable exception.

—Paul E. Belcher
in *Business Analysis*
First National Bank of Akron

the first 75 years of teamwork...

Last month in New York, bankers from all over America, and abroad, celebrated the Diamond Anniversary of the American Bankers Association. These bankers and their wives were the guests of the New York Clearing House banks.

The big business of the crowded four-day convention program . . . banking's role in promoting the well-being of our national economy. The program included . . . Treasury Secretary *John W. Snyder*, Columnist *George Sokolsky*, former A. B. A. President *A. L. M. Wiggins*, now chairman of the Atlantic Coast Line Railroad, Finance Professors *Dr. Marcus Nadler* and *Dr. Jules I. Bogen* of New York University, another former A. B. A. President *Robert M. Hanes*, now Director of Economic Affairs for Germany, *M. J. Rathbone*, director, Standard Oil Company of N. J., *Dr. W. I. Myers*, dean of New York State College of Agriculture, and many others.

The busy bankers explored many subjects covering business, community, individual and government . . . agriculture and farm credits, home financing, investments and opera-

tions. The banker must keep well informed . . . therefore *his association must keep active on many fronts.*

The American Bankers Association membership includes 98 percent of all banks. For 75 years it has provided the machinery for the exchange of ideas and experiences among bankers, including the world's two greatest adult educational organizations, the American Institute of Banking and The Graduate School of Banking.

There was hardly a day in these first 75 years which didn't present challenges to the banks of the country. In meeting these, one of the most useful of the many A. B. A. services has been its magazine, **BANKING**. Packed with varied material, edited for fast, purposeful reading by busy executives, it is literally a *bankers' convention in print 12 months of each year.*

Each month, the executives and employees of every bank study **BANKING** thoughtfully . . . to better fulfill their responsibility to their depositors and community.

BANKING, Journal of the American Bankers Association.

BANKING
JOURNAL OF THE AMERICAN BANKERS ASSOCIATION
OCTOBER 1950

Some material belongs in several different classifications but for your convenience is usually listed under one heading only.

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Banking promotes the interests of Business, Community, Individual and Government.

The advertisement above, promoting the banking business—and **BANKING**, appeared in October Issues of *Industrial Marketing, Sales Management, Printers' Ink, Advertising Agency and Tide*.

(CONTINUED FROM PAGE 78)

ly responsible for the steadily declining age of home buyers, according to George C. Johnson, president of "The Dime."

He pointed out that last year only 12 percent of all home mortgages in the nation were covered by the Veterans Administration loan guaranty program and 19 percent by

Federal Housing Administration insurance, while 69 percent of the mortgages were conventional loans without government guaranty or insurance of any kind.

"We believe the real reason that younger families are buying homes is because they have a more acute awareness of the benefits that result from home ownership," Mr.

Johnson declared. "Coupled with this is the fact that liberal mortgage financing terms developed during the past 20 years have put home ownership within the reach of virtually every steadily employed person.

"Through almost universal use of the long-term self-amortizing mortgage, banks and other lenders have made it far easier to buy a home than was the case 20 years ago.

"Particularly important is the fact that the real wages of the average American worker have more than tripled in the past 50 years, most of that increase coming since 1929. In 1900 the typical worker earned 43 cents an hour on the basis of 1949 prices, while today he receives \$1.33 an hour."

Banks today go to great pains to attract distaff customers through Women's Finance Forums, Family Banking Departments, etc. This is nothing new, however. The picture below, which appeared in the May 1909 issue of *Bankers Magazine*, shows the women's banking departments of 31 banks from coast to coast



\$20 Deposit—

127 Years of Interest
Totals Over \$5,000

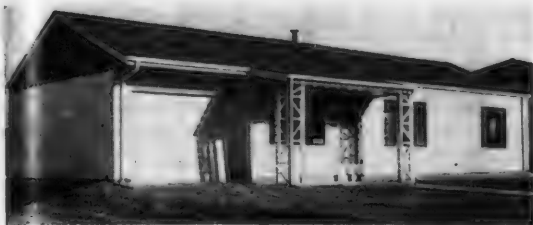
THE magazine *The Shoreliner* pictured recently the hand-written pages of the deposit book of an account opened with the Portsmouth (N. H.) Savings Bank in 1823, the first year of the bank's existence.

A single deposit of \$20 was made. In 1848 the bank purchased the original book from the depositor. The account has been allowed to run and the interest to accumulate, both as an illustration of the value of money placed at interest and for historical purposes.

On April 1 of this year, the original \$20 had grown to \$5,441.99.

The Bank for Savings in the City of New York also has one of those rare old accounts. It started in 1819 with two deposits totaling \$15. No additional deposits ever were made. Nevertheless, through the accumulation of compound interest over the years, the account now totals \$4,440.

When this account was opened, the Bank for Savings was located in a basement room in the Old Alms House in City Hall Park. In those days, the bank's cashier carried the deposits home in a hand trunk for safekeeping overnight. This little trunk, 130 years old, is now on display at the bank's main office, 4th Avenue at 22nd Street.



The financial arrangements for these houses are very realistic!

We think the houses you see here will interest you very much from a financial viewpoint.

In each of these houses there's a complete, built-in General Electric Kitchen-Laundry. Each kitchen-laundry was sold as part of the house.

And, the kitchen-laundry was financed together with the house under the "Packaged Mortgage" plan.

It's an ideal solution

Under the "Packaged Mortgage" plan, the home buyers add just a few dollars extra each month—usually about \$4.80—to their regular home mortgage.

For the banker, for the homeowner, this is an ideal and realistic solution to a financing problem.

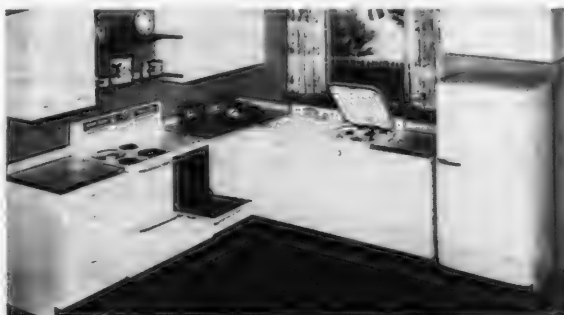
The homeowner is not burdened with short-term payments on kitchen appliances. He need not assume obligations that may interfere with his regular mortgage payments. He becomes a more satisfied and willing mortgagor.

The banker's interests are protected, too, because

the house is truly up-to-date . . . one that the homeowner is proud to maintain.

Are you including the General Electric Kitchen-Laundry under the "Packaged Mortgage" plan? *We sincerely believe it is to your advantage to do so!*

Home Bureau, General Electric Company, Bridgeport 2, Connecticut.



The economical operation and long life of G-E appliances may offset the slight increase in monthly payments.

You can put your confidence in—

GENERAL  ELECTRIC

The Insurance Factor in Bank Credit

MORE than 95 percent of the banks answering a recent BANKING survey stated that they require prospective borrowers to furnish data regarding fire and other insurance coverage when they apply for loans. Almost 90 percent indicated that such information is likely to result in some degree of coverage adjustment.

The questions asked in this 1950 survey on the insurance factor in bank credit were identical with those in another BANKING survey undertaken 10 years earlier. At that time 91 percent required insurance data from loan applicants, and 73 percent followed up frequently with adjustments in coverage.

The marked difference in the two sets of answers lies in the greater variety of coverages which bankers now recommend for use. Interest in the subject was further shown in the fact that 53 of the bankers answering BANKING's specific questions also wrote letters containing a considerable amount of comment and explanation. Answers again and again not only referred to the importance of insurance on the borrower, but also to the need of small companies, in particular, for advice on this type of protection.

Two comments, repeated numerous times in different ways, were: "Experience has shown us that many companies have benefited from the suggestion of an insurance survey;" and "we feel that we are rendering a service in the borrower's interest and economy."

The survey questionnaire was sent to banks of all sizes and in all the states, and replies were obtained from 245, or 49 percent of those receiving it. Necessarily, to present such answers in chart form, as we do here, involves some simplification, for the replies, including the 53 letters referred to, reflected many intermediate shades of meaning between "yes" and "no."

In answers to Question 1, for example, eight banks referred only to automobile loans, 28 referred only to real estate loans, and several used such phrases as "if substantial property values are a factor." One of the 10 "no" answers added "but we should." Of the banks

answering "yes," 22 mentioned that their loan application forms call specifically for insurance data. One banker stated that his institution keeps up-to-date insurance information on all customers and prospective customers in its credit files. A typical answer, evidencing a realization of the value of borrower insurance, described a case "where the very life of a company involved in a substantial fire was saved by proper use-and-occupancy insurance."

Question 2 gave rise to a great variety of answers. One bank which placed itself in the "sometimes" bracket added, however, that "this is one of the items we check carefully." Some of the "no" answers were tempered by a "not likely." One reply stated that the bank reviews the insurance picture once a year with large borrowers.

The answers to Question 3 indicated almost as great a variety of preferred coverages and coverage combinations as there were banks replying. In addition to those shown in the chart, flood, water and sprinkler damage, credit insurance, demolition, livestock, crop, completion or performance bond, marine, aircraft, vandalism, plate glass, earthquake, and others were mentioned one or more times. The circumstances under which a given type of insurance is required also vary.

Similarly, Questions 4a and 4b elicited a great deal of comment and modification of answers, such as "only when our advice is requested." Several said that they advise borrowers when the latter's "choice is unsatisfactory."

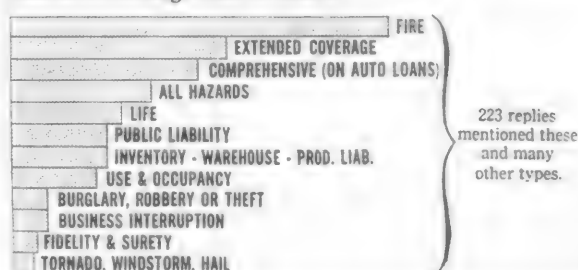
Bankers' attitude toward insurance agents and companies is typified in the following comments: "We get fine cooperation as to fire prevention and safety, as well as coverages"; "we probably have not made use of the services as extensively as we should"; and "the companies help us in keeping up with the constantly changing hazards encountered by business firms."

It was the large amount of such comment, impossible to boil down to chart form, which proved how deep and widespread is the interest in this subject.

QUESTION 1. Do you require borrowers to furnish data regarding fire and other insurance coverage when applying for a loan?



QUESTION 3. Are you more interested in certain forms of insurance coverage than in others?



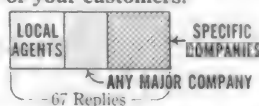
QUESTION 2. To what extent is such information likely to require an insurance survey or an adjustment of coverages?



QUESTION 4a.* Do you advise borrowers regarding the specific companies or types of companies when additional insurance coverage is required?†



QUESTION 4b.* What insurance company or services do you regard as particularly useful to your bank or your customers?



*Half of the questionnaires included 4a; half, 4b.
† See discussion in text



This Man Serves Your Community

Businesses, homes, personal and public property, individuals . . . they're all protected by the wide insurance coverages offered by this man . . . your local insurance agent.

He serves you and your community faithfully and well . . . offering you professional advice . . . relieving you of worry and responsibility. Consult him as you would your doctor or lawyer.

For claim service in an emergency, call Western Union by number and ask for Operator 25, who has the name and address of your nearest U.S.F. & G. Agent.



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CONSULT YOUR INSURANCE AGENT OR BROKER
AS YOU WOULD YOUR DOCTOR OR LAWYER

BANK LAW NEWS

Branch Banking—Deferred Posting—Stopping Payment

BRANCH BANKING—1

Attorney general rules against license for foreign mutual savings bank.

Missouri's banking law does not permit a New York mutual savings bank to be licensed to do business in Missouri, according to Missouri's attorney general.

A savings bank had proposed to buy GI and other federally guaranteed loans in Missouri and to secure a person or firm in that state to service them. It desired to have this action approved through issuance of a license to do business.

The laws of Missouri do not permit branch banking, said the attorney general, and, for that reason, during the last 47 years no foreign banking corporation has been licensed to do business in that state.

Furthermore, in the opinion of the attorney general, Missouri law requires all banks to have a capital stock structure, and mutual savings banks do not have capital stock. cf. *Paton's Digest*, Banks and Banking, §11.

BRANCH BANKING—2

North Carolina attorney general rules against banks on wheels.

In the opinion of North Carolina's attorney general, that state's banks may not operate mobile banking offices.

A bank had sought permission to operate a specially designed and equipped armored car to provide banking service to "individuals and firms who, due to their location or heavy traffic condition, find it hard to reach the bank during the peak hours of business."

It was contemplated that the car would either call at customers' places of business or stop at established stations to service the requirements of customers in the immediate vicinity. The car would pro-

vide any banking service that might be performed at the bank's main office.

A North Carolina statute permits banks to operate branches in cities where they are located and elsewhere with the bank commissioner's approval, and also permits them to operate teller's window agencies or branches in small communities having no other banking facilities.

The attorney general ruled that this statute contemplates that banks shall operate only in the manner provided by law and in the locations approved by the state banking commission and the commissioner of banks.

Since the statute does not provide for operating banks from armored cars going from place to place, said the attorney general, there was no statutory authority to approve the operation of such a service. cf. *Paton's Digest*, Banks and Banking, §11.

CHATTEL MORTGAGE

Unreasonable delay in filing makes mortgage void against existing creditors.

A California bank took a chattel mortgage to secure repayment of a loan.

The mortgage was executed October 9, acknowledged October 10 and then forwarded to the county recorder's office with a request that it be recorded and the bank be billed for the recording fees.

On October 14 the recorder received the mortgage, billed the bank for the fees, but placed the mortgage in a "hold" file.

In due course the bank's check, dated October 23, was received and the mortgage was thereupon recorded on October 24.

At that time the mortgagor was in debt, and his creditors remained unpaid until, some fourteen months later, he was adjudged bankrupt.

His receiver, alleging that the bank's mortgage was invalid by reason of delayed recordation, thereupon sold the chattels covered by the mortgage.

The bank thereupon petitioned the court for the proceeds of the sale, but the U. S. District Court for the Southern District of California decided against it.

Under California law a chattel mortgage must be recorded as soon after execution as practicable, said the court, and an unreasonable delay in recordation will make it void even as against existing creditors.

However, California law also provides that a duly acknowledged instrument is deemed recorded when deposited in the recorder's office.

But that law, said the court, applies only when the person requesting recordation has done all that the law requires of him. Where recording fees have not been paid, the court held, mere deposit of the mortgage does not constitute recording.

Thus, the court held that the bank delayed recordation of the mortgage for fourteen days, that the delay was unreasonable, and that the mortgage was void as to attaching creditors. In *Re: Kessler*, 90 Fed. Supp. 1012. cf. *Paton's Digest*, Chattel Mortgages, §5.2.

STOPPING PAYMENT

Payee may recover amount of stopped check from holder.

Obedience to the drawer's order to stop payment on his check relieves the drawee bank of all liability for nonpayment, but does not necessarily relieve the drawer of liability on the check, says the Texas Court of Civil Appeals.

One Mamie Greathouse, defendant, drew two checks payable to plaintiff. Before the checks were presented for payment, drawee bank

(CONTINUED ON PAGE 87)



LABOR LAW REPORTS

LABOR LAW GUIDE-FEDERAL

LABOR LAW COURSE

COLLECTIVE BARGAINING • EMPLOYEE REPRESENTATION •
BARGAINING UNITS • UNFAIR LABOR PRACTICES, EMPLOYER AND UNION •
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INJUNCTIONS • MEDIATION, CONCILIATION • WORKING TIME • MINIMUM WAGES
OVERTIME PAY • WAGE PLANS • CHILD LABOR • EMPLOYER'S RECORDS • EMPL
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Month after month, CCH's LABOR LAW JOURNAL presents timely articles concerned with the complex relationship of Law, Labor, Government, Management, and Union. Unbiased, with no axe to grind, the JOURNAL brings together the serious thinking of leaders of thought and action—on the significant problems in the whole field of labor law.



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For everyday problems under federal labor law, for the concise, current picture of labor relations and wages-hours regulation by the federal government, for timesaving reports of unfolding pertinent developments, as they "break"—it's CCH's LABOR LAW GUIDE-FEDERAL. Truly a "guide," the regular weekly issues of Labor Law Guide-Federal provide succinct digests and quick-reading summaries of the latest developments affecting workaday labor law problems under federal law.

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(CONTINUED FROM PAGE 84)

was ordered to stop payment and did so. Plaintiff thereupon sued defendant for the amount of the checks and offered proof that they had been given in payment of an antecedent debt. Defendant offered no evidence to the contrary.

A lower court first found against plaintiff, holding that the checks were executory in nature, that the debt which they represented was not discharged when the bank dishonored them, that the checks not having passed into the hands of a bona fide holder for value and the makers having exercised their legal right to stop payment, the plaintiff should not recover on the checks but was relegated to suit on the original debt.

The appellate court, however, decided as follows: Under the Law Merchant, in the absence of evidence to the contrary, a check is deemed given for value. If the maker would avoid liability, the burden is on him to show a failure of consideration or some other legal defense. He may not avoid the legal import of his check merely by stopping payment.

The payee of a check, being an immediate party to the transaction, is not regarded as a holder in due course, the court granted. But, said the court, so long as the check remains in his possession, he has all the rights of a holder in due course, and in the absence of some legal defense may sustain suit on a check evidencing the amount of his debt. *Fridell V. Greathouse*, 230 S. W. 2d 579. *Paton's Digest*, Stopping Payment, §1:2.



"Do you have any change? I forgot my checkbook."



Credit Insurance Completes Your Customers' Programs of Protection

THERE'S always danger of disaster striking when it's least expected. Strikes, material shortages, floods, Government controls and other unforeseeable events can quickly put previously sound customers in a position where they cannot pay their obligations.

Many banks today are urging their customers to guard against such dangers by protecting their Accounts Receivable with Credit Insurance. In fact, some banks *insist* on this protection before approving commercial loans. *The bank can be included as a named assured without charge.*

Manufacturers and wholesalers in over 100 lines of business are taking advantage of American Credit Insurance . . . for American Credit pays them when

their customers can't! A policy can be tailored to cover all, a selected group, or just one account.

SEND FOR BOOK

This book gives you valuable hints on helping your customers plan sound credit policy . . . plus additional facts about American Credit Insurance. For a copy, just phone our office in your city, or write AMERICAN CREDIT INDEMNITY COMPANY OF NEW YORK, Dept. 45, First National Bank Building, Baltimore 2, Maryland.



J. F. Fadden
PRESIDENT

AMERICAN CREDIT
INSURANCE



GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE

OFFICES IN PRINCIPAL CITIES OF
THE UNITED STATES AND CANADA



Other Organizations

A.B.A. and A.B.W. Convention Groups



Officers of the Association of Bank Women, elected at the ABW's annual convention in New York, are, *left to right*: president, Marion E. Mattson, assistant cashier, Northwestern National Bank, Minneapolis; vice-president, Gladys R. Nisbett, vice-president, First State Bank, Dallas, Texas; recording secretary, Esther E. Roberts, personnel assistant, First National Bank of Minneapolis; treasurer, Paula Bruhn, auditor, Marine National Exchange Bank, Milwaukee

Some members of the executive committee of the State Association Section, American Bankers Association, at the recent A.B.A. convention. *Left to right*, Albert L. Muench, secretary, New York State Bankers Association; Paul W. Albright, general secretary, Savings Banks Association of the State of New York; Fred W. Greene, then executive secretary, North Carolina Bankers Association; Andrew W. Miller, executive secretary, Washington Bankers Association; William T. Wilson, deputy manager, American Bankers Association, and secretary of the State Association Section; and Ralph Fontaine, executive secretary, Kentucky Bankers Association. Members of the committee not present when this picture was taken were Howard E. Fletcher, secretary-treasurer, Arizona Bankers Association, and Carl G. Swanson, secretary, Nebraska Bankers Association. In this group, the Section president was Mr. Miller, the vice-president, Mr. Fontaine. For the current year the Section's president is Mr. Fontaine and the vice-president, Mr. Muench



The Mortgage Bankers Association of America will sponsor two large mortgage conferences next year, the principal objective of which will be a broad study of the restricted conditions under which the building and lending fields will be operating during the defense period, Milton T. MacDonald, association president and president, Trust Company of New Jersey, Jersey City, has announced. The first will be at the Drake Hotel, Chicago, January 25-26, and the second at Hotel Statler, New York, March 26-27. The association may supplement these with a series of smaller regional clinic meetings in other sections of the country.

The 1951 convention of the Mortgage Bankers will be held in the Mark Hopkins and Fairmont Hotels in San Francisco, September 12 to 14, 1951. The annual Exhibit of Building, Industry and Services, a national home show for those who finance homes, will run concurrently with the convention.

* * *

A home-study course in the fundamentals of investment banking, designed especially for young persons entering the industry each year, will be offered by the education committee of the **Investment Bankers Association of America** in cooperation with the University of Chicago, Albert T. Armitage of Coffin & Burr Incorporated, Boston, President of the association, has announced.

This correspondence course is an extension of the association training program inaugurated immediately following World War II. At that time a classroom course in the fundamentals of investment banking was offered by the association in cooperation with more than 20 universities and colleges throughout the country, and approximately 2,300 employees of member firms benefited.

(CONTINUED ON PAGE 90)



**BRANDT
AUTOMATIC CASHIER
MODEL 250**

Delivery chute type.
Coins delivered direct to
customer.



**BRANDT
AUTOMATIC CASHIER
MODEL 150**

Trap door type. Coins
delivered to customer by
operator.

BRANDT *announces -*

with great pride, a complete new line of coin
handling machines. Rarely, indeed, have there
been occasions of greater importance during the
60 year history of BRANDT. The outstanding im-
provements of the new BRANDTS, their new oper-
ating features and their styling establish them as
the finest coin handling machines ever produced
by this company.

BRANDT AUTOMATIC CASHIER CO.

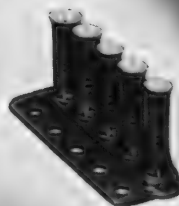
WATERTOWN • WISCONSIN

**BRANDT
COIN SORTER &
COUNTER
MODEL 51**

Motor driven. Sorts and
counts mixed coins, pen-
nies to half dollars, in-
clusive.

**BRANDT
COIN COUNTER &
PACKAGER
MODEL CDM**

Motor driven. Handles
all coins from pennies to
half dollars inclusive,
also silver dollars if de-
sired. A hand operated
machine can also be sup-
plied.



"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office.

(CONTINUED FROM PAGE 88)

At the present time these classroom courses are being offered in only a few of the larger cities.

* * *

Robert E. Lee "Bob" Hill, executive secretary, **Missouri Bankers Association**, Columbia, has been appointed by Governor Forrest Smith to membership on the State Counsel of Defense for Missouri.

* * *

The 11th annual meetings of the **American Fair Trade Council** are scheduled for Wednesday and Thurs-

day, November 15th and 16th, at the Waldorf-Astoria Hotel in New York City, according to John W. Anderson, Council president.

On the morning of Thursday there will be inaugurated, as an addition to the traditional AFTC program, a closed "All-Industry" meeting to which will be invited not only members but other manufacturers exposed to possible Antitrust Law attacks in Missouri and Texas. This closed meeting will present a panel of prominent legal and merchandising specialists qualified particularly to assist manufacturers seeking

solutions of problems presented by Antitrust Law prosecutions in states having no Fair Trade Acts.

* * *

Four hundred and sixty-one local bank tour managers have been appointed in that many Kansas cities and towns, wherever there is at least one bank and a nearby high school. This announcement comes from Thomas J. Morris, Jr., chairman of the bank personnel section of the **Kansas Bankers Association**. He said: "We want to escort every senior high class in Kansas on a conducted tour of the bank or banks in its community, early in the new school year."

High school seniors will get to play the part of bank cashiers, loan officers, tellers and bookkeepers. The tours will be full of practical demonstrations, explains Mr. Morris, who is also assistant cashier of the Fourth National Bank in Wichita. Although no actual loans probably will be made, some high school boys and girls will have the pleasure of analyzing a make-believe loan application and then saying "no" or "yes."

Many of the bank tours will be festive, too. Often they will conclude with refreshments or even a full course dinner. The 461 local bank tour managers will work closely with superintendents of schools and teachers in making arrangements.

A *Bank Tour Program Manual* has been distributed by the Kansas Bankers Association to all local bank tour managers, so that they may profit from the experience of other bank tour managers who conducted last year's tours. (See article on page 40.)

* * *

Robert E. Pye, secretary of the **Minnesota Bankers Association**, has been elected president of the Minnesota Trade Managers Council, which is composed of secretaries, managers, or executive secretaries of approximately 70 trade associations representing practically all businesses in the state.

* * *

The annual meeting of the **Robert Morris Associates**, the national association of bank credit men and lending officers, has elected Fred C. Witte, vice-president, The Chase National Bank, New York, to head the organization for the coming year.

To assist Mr. Witte this coming year, the Associates also elected B.

Correspondent Bank Mail Gets the "Green Light" Here

That's because Central National Bank maintains a fast, efficient transit service. Central National... a block from the Main Post Office... with immediate access to air, rail and other transportation... processes your mail promptly and efficiently. Within the shortest possible time, it is on its way to collection centers. The result? . . . Less cost to you and your customers who are assured of prompt payment of deposited checks and other items.

We like to do things that way . . . giving the "Green Light" to the business of our correspondent banks.

Central National Bank
of Cleveland

CLEVELAND 1, OHIO

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

F. Barnett, president, Commercial National Bank, Shreveport, Louisiana, as first vice-president, and E. Lawrence Worstall, vice-president, The Philadelphia National Bank, Philadelphia, as second vice-president.

* * *

Harry C. Hausman, secretary, Illinois Bankers Association, celebrated his 25th anniversary with the association on September 14. Joseph R. Frey, president of the association and president of the Lake Shore National Bank, Chicago, in reviewing the past 25 years of Mr. Hausman's work with the association, stated that banks in Illinois are in a better position today to render a complete banking service to the public than they have been at any time during the last quarter century.

Mr. Hausman, a graduate of the University of Pennsylvania, has not only been active in looking out for the interests of Illinois banks, but has found time to take an active part in the affairs of the American Bankers Association, The Central States Conference of 16 bankers associations, and the School of Banking at the University of Wisconsin. He has served as president of the State Association Section, as member of the Executive Council and administrative Committee of the American Bankers Association, president of the Central States Conference and

Milton R. Morgan, Virginia's Commissioner of Banking, is the new president of the National Association of Supervisors of State Banks. Before taking the state bank commissioner's post in 1939, he headed the Eagle Rock Bank. He was president of the Virginia Bankers Association in 1936-37



as chairman of the Board of Trustees of the School of Banking at the University of Wisconsin.

* * *

A Federal Reserve Forum for banks in the Ninth District was held in Minneapolis on October 5 and 6. The program was opened by John N. Peyton, president, Federal Reserve Bank of Minneapolis, and the principal speaker was Oliver S. Powell, member of the Board of Governors of the Federal Reserve System. Topics covered in the course of the two days were the business

outlook, personnel management, counterfeit detection management, safe deposit operation, credit policy, and operations.

* * *

A farm income tax short course was given in St. Paul in mid-October under the joint sponsorship of the Minnesota Bankers Association, the state university and state and Federal income tax authorities. Approximately 500 attended the course this year, which was the eighth occasion on which it has been offered.

WILLIAM P. BOGIE

PARTNERS in America's Future

HOUSING & INSURANCE



Last year, insurance companies financed more than a million homes with mortgage loans aggregating \$11,847,000,000, a mighty effort to relieve the housing shortage. This is only one example of cooperation with the public which assures the future of America. The New Hampshire and Granite State Fire Insurance Companies are proud to be part of an industry that is contributing so much to the welfare of the American public.



NEW HAMPSHIRE
FIRE INSURANCE COMPANY
Incorporated 1869
MANCHESTER, NEW HAMPSHIRE



GRANITE STATE
FIRE INSURANCE COMPANY
Incorporated 1885
PORTSMOUTH, NEW HAMPSHIRE

BANKING NEWS

New V-Loan Booklet Traces Defense Loan Methods, Procedures

Guaranteeing Bureaus Increased by Four

To provide banks with information on the new Government regulations pertaining to the guaranteeing of defense loans, the Credit Policy Commission of the American Bankers Association has published and made available to all banks a new booklet entitled *Temporary Regulations on V-Loans*. The booklet was announced by Kenton R. Cravens, chairman of the Commission and vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis.

The new publication contains provisions of the Assignment of Claims Act of 1940 along with the explanation of some of them. It also discusses the procedure to be used in making loans under the defense loan program; and lists the guaranty fees, interest rate provision, and commitment fees. Two forms prescribed by the A.B.A. to be used in loans of this type are also included in the book.

In an introduction, the Commission says: "The program, which became effective on September 27, is for guaranteeing loans made by banks and other lending institutions for the purpose of financing contracts and other operations which the authorized

(CONTINUED ON PAGE 96)

National Defense Financing Theme of Credit Conference

Annual Meeting in Chicago on Dec. 14-16

The problems inherent in supplying the credit necessary to finance the nation's defense program will be one of the major topics to be discussed at the Third National Credit Conference sponsored by the Credit Policy Commission of the American Bankers Association at the La Salle Hotel, Chicago, Dec. 14-16. The conference was announced by Kenton R. Cravens of St. Louis, chairman of the Commission.

"The National Credit Conference has never been more important than it is this year," Mr. Cravens said. "The reimposition of Regulation V has created new problems for bankers who will be called upon to finance production and plant expansion under the speeded-up defense program. In addition to Government restrictions, the necessary financing must be supplied in the face of a growing danger of inflation. To stem this inflationary trend, banks must make sure that credit is channeled only into productive purposes.

"It is the purpose of the National Credit Conference to provide an opportunity to study and evaluate these policies in the light of the most recent developments in world affairs."



Elliott V. Bell, editor and publisher of *Business Week* and chairman, executive committee, McGraw-Hill Publishing Co., left, presents to James E. Shelton, president of the American Bankers Association, a painting of Mr. Shelton by Fran Mawicke, made for and used on the September 30 cover of *Business Week*

Twenty-Two Theses by G. S. B. Students— Class of 1950—Chosen for Library

Twenty-two theses, written as a requirement of graduation from The Graduate School of Banking by members of the class of 1950, will soon be made available for distribution by the A.B.A. library. Each year, theses of exceptional merit are selected for the library by the Library Thesis Committee. This year's selections, and their authors, are:

The Commercial Bank Money Position by William E. Bachert, The Bank of New York and Fifth Avenue Bank, New York City;

Financing Tobacco Farms in Southeastern North Carolina by Lawrence R. Bowers, Waccamaw Bank and Trust Company, Whiteville, North Carolina;

Cemetery Trusts in Pennsylvania by Elmer C. Cates, Doylestown (Pa.) Trust Company;

Massachusetts Income Tax Aspects of the Common Trust Fund by George A. Davidson, Old Colony Trust Company, Boston;

A History of Trust Business in the District of Columbia by Frank E. Davis, The Riggs National Bank, Washington;

Audit and Assessment of the New York Estate Tax by Norman H. Drosendahl, Manufacturers and Traders Trust Company, Buffalo;

Certain Accounting Relationships between the Weekly Federal Reserve Statement, the Weekly Member Bank Statement, and the Treasury's Daily Statement by John C. Franzoni, Board of Governors of the Federal Reserve System, Washington;

Institutional Trust Service by Joseph S. Gumphrey, Hershey (Pa.) Trust Company;

Long Range Financing of the City of Los Angeles by Frederick G. Larkin, Jr., Security-First National Bank, Los Angeles;

The Schiffli Embroidery Industry in the United States by Ugo J. Lisi, Hudson Trust Company, Union City, New Jersey;

Financing Dress Manufacturers by John B. Mitchell, Manufacturers Bank and Trust Company, St. Louis;

A Staff Conducted Employee Attitude Survey by Howard J. Morris, First National Bank, Montgomery, Alabama;

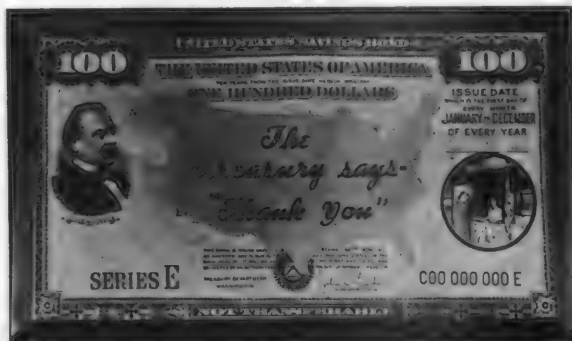
Financing the Soybean Processor by Richard E. Ramsay, Harris Trust and Savings Bank, Chicago;

Financing the Tuna Fleet by George W. Sears, The First National Trust and Savings Bank, San Diego;

Pennsylvania Fiduciaries Acting in Other States by Herschel E. Shortlidge, Gir-

(CONTINUED ON PAGE 96)

The U. S. Treasury displayed at the A.B.A. Convention a large replica of an E Savings Bond with a "thank you" to the nation's bankers for their assistance in promoting, selling, and redeeming Savings Bonds



Shelton Bids Bankers To Defend Free U.S. Economy, Opportunity

Warns Against Creeping Collectivism, Socialism

The attempt to do away with such a fundamental economic law as that of supply and demand and to substitute involved economic controls devised to prevent people and nations from paying the price for their folly never has worked and never will, James E. Shelton, president of the American Bankers Association, told the convention of the Nebraska Bankers Association in Omaha recently. Mr. Shelton is president of the Security-First National Bank of Los Angeles.

In a vigorous address on the dangers of creeping socialism, Mr. Shelton declared that "Christian civilization and humanity are at stake. Our success or our failure will depend basically upon the strength of our economy and the productive capacity of our privately owned and operated industrial system."

He concluded his remarks with this challenge to the bankers of the nation:

"Democracy doesn't mean the right of various minority groups or even a majority to gang up on and rob any one—even though they may be in the minority. Our American Government and our American system was founded upon the principle of protecting even the single individual in his personal freedom and the right of the proceeds of his productive labor in the form of property.

"It is your job and mine and that of every other American who has a stake in this country to do his part to make this issue clear to the people of this country. We must not allow creeping collectivism to come stealthily in by the back door. We must see that the people of this country are not unknowingly and unwittingly drawn into the whirlpool of socialism. We must make it clear to the young that the opportunity to achieve success lies not in less productive effort but in more productive effort—that personal extravagance and unbalanced personal budgets lead to failure and bankruptcy, not to successful achievement."



G. Edwin Heming

Heming Advanced to Associate Manager Advertising Dept.

G. Edwin Heming, for the past three years assistant manager of the Advertising Department of the American Bankers Association, was advanced to associate manager of the Department by the Executive Council of the A.B.A. at its meeting held in New York during the annual Convention of the Association.

Mr. Heming came to the A.B.A. in 1944 from Merrill Anderson Company, a New York advertising agency, where he was an account executive. Previously he was vice-president and trust officer of First National Bank and Trust Company, Freeport, New York. He has also served as secretary of the Nassau County Bankers Association and chairman of its committee on advertising and publicity.

Mr. Heming is a member of the board of directors of the Meadow Brook National Bank, which has offices in Freeport, Merrick, and West Hempstead, L. I. He makes his home in Freeport.

New Year-End Direct Mail Blotters and Folders Available

Several new year-end direct mail promotion pieces prepared by the Advertising Department of the A.B.A. are attractively designed and printed in two-tone combinations that are sure to appeal to customers in every economic level.

Included in the year-end package are three "thank you" folders; a Christmas Club blotter; and three blotters featuring savings. The thrift blotters feature, respectively, the enterprising honey bee, squirrel, and kangaroo.

Trust Division Notes

REAL ESTATE INSPECTION PROCEDURES: Trust Division members will shortly be supplied with a *Suggested Procedure for Inspecting and Recording the Inspection of Real Estate and Real Estate Loans Held in Trust Accounts*. The plan of procedure, together with a number of suggested forms prepared by the Division's Committee on Operations for Trust Departments, will be published in the October 1950 issue of the *Trust Bulletin*.

COMMON TRUST FUNDS: Upon recommendation of the Division's Committee on Common Trust Funds, the proposal to raise to \$100,000 the \$50,000 limitation on the amount which any one trust may invest in a common trust fund is now being taken up with the Federal Reserve authorities in Washington, D. C. The committee's recommendation, which was approved by the Executive Committee at its September meeting, was based on an impartial survey of opinion among institutions now operating common trust funds.

STATEMENT OF POLICY FOR VOTING SHARES OF STOCK HELD IN TRUST ACCOUNTS. This statement, which was originally approved in 1944 by the Executive Committee of the Trust Division, was reaffirmed by the Committee at its annual meeting in September 1950 and will be published again in the October *Trust Bulletin*. The Executive Committee believes that "it should be the general policy of a trust institution to vote rather than not to vote the shares of stock it holds in trust accounts."

TRUST PERSONNEL: The Division's Committee on Trust Personnel has sent a questionnaire to the 2,824 trust institutions in this country to determine: (1) The number of people engaged exclusively in trust work; (2) the manner in which such persons are selected and trained for their trust duties; (3) the various methods of handling trust personnel matters; and (4) current problems relating to trust personnel. Other important phases of trust personnel problems will also be studied in this long-range project.

Chicago Will Be the Host at A. B. A.'s 77th Convention

John J. Anton is General Chairman

The 77th annual convention of the American Bankers Association will be held in Chicago from September 30 to October 3, according to President James E. Shelton.

The invitation to hold the 1951 convention in Chicago has been extended on behalf of the Chicago Clearing House by the Clearing House Committee, of which Mark A. Brown, president of the Harris Trust and Savings Bank, is chairman. The chairman of the executive committee for the convention itself will be John J. Anton, vice-president of The First National Bank of Chicago. The vice-chairman of the committee will be William H. Miller, vice-president of the City National Bank and Trust Co.

Various Convention committees of Chicago bankers will be named later by the clearinghouse. Hotel application forms will be sent to the A.B.A. members about March 1951. "No applications will be accepted by the hotels directly," Mr. Shelton stated. Official reservation forms will be used, and they will be handled by the Chicago Hotel Committee when organized.

Bank Merger Statute Draft; Nonmember Reserve Data Mailed

In order to take full advantage of the National Bank Merger Act, permitting national banks to move into the state system, the A.B.A. Committee on State Legislation has distributed a model draft for use in those states where complementary or corrective state legislation is needed.

The Committee has also distributed a survey on reserve requirements for non-member banks. The Committee has recommended that legislation be adopted vesting power in the state supervisory authorities to vary reserve requirements for non-member banks—this power to be exercised whenever the maintenance of sound banking practices or the prevention of injurious credit expansions or contractions makes such action advisable.

Announcing

BANKING'S

1951

Forum in Print

CITATION

FOR outstanding use of advertising methods
during the past year, this citation by
BANKING's 1951 Forum in Print
is awarded to

The selections for publication were made by the following committee:

Editor of BANKING

A Citation Award $8\frac{1}{2}'' \times 11\frac{1}{4}''$ suitable for framing • Awards will
be reported in the March 1951 issue of BANKING • Follow the
simple rules outlined on the opposite page . . . and have your entry
in by December 22, 1950.

What has been your experience in advertising and selling bank services this year?

THIS IS AN INVITATION to participate in BANKING's annual forum on advertising and selling bank services.

THIS IS A CHALLENGE to match your best advertising and sales promotion against the best of other banks of your size . . . to see how well it stands up under the eyes of carefully selected judges.

THIS IS AN OPPORTUNITY to receive public recognition for outstanding effort . . . with a Citation Award . . . and to show other businessmen the effective, up-to-date promotion being done by banks.

THE RULES ARE SIMPLE. Prepare a scrapbook about 18" x 24" in size with samples of magazine and newspaper ads, photos of displays, billboards and other promotion material, descriptions of radio or television shows or other pertinent data. Be sure to include your answers to the 4 questions below.

Answer these 4 questions in full detail . . .

- 1 — What were you trying to do?
- 2 — What methods and media did you use?
- 3 — What results do you feel you achieved?
- 4 — How much are your bank's deposits?

(Your entry will only be judged with banks of comparable size)

Be sure to mail your scrapbook before December 22, 1950 to . . .

The Editor **BANKING**

Journal of the American Bankers Association
12 East 36th Street, New York 16, N. Y.



98% of U.S. Banks Were Association Members on Aug. 31

The membership of the American Bankers Association at the close of the Association's fiscal year on Aug. 31, 1950, was 16,556, or 98 percent of the nation's banks, reports T. J. O'Brien, chairman of the Organization Committee. This figure includes 1,936 branch offices.

During September the following banks became members of the A.B.A.:

CALIFORNIA: Desert Bank, Palm Springs Branch; Citizens National Trust & Savings Bank of Los Angeles, South Gate and Van Nuys branches.

COLORADO: Arkansas Valley Bank, Pueblo.*

FLORIDA: Citizens Bank, Sarasota,* and West Pensacola Bank.*

GEORGIA: First National Bank, Jefferson, and Bank of Tignall.

ILLINOIS: National Bank of Chenoa*; State Bank of Eldred; and Northbrook Trust & Savings Bank.

INDIANA: First National Bank, South Kokomo Br.*

MARYLAND: Detour Bank.
MICHIGAN: Ann Arbor Bank, University Office; Security National Bank, Bellevue Branch; and Security National Bank, Nashville Branch.

MISSOURI: Security State Bank, Brookfield* and Callao Community Bank.

NEW YORK: Royal Industrial Bank, New York; and Staten Island National Bank & Trust Co., New Dorp Branch.*

OHIO: First National Bank of Akron, Kenmore Branch.

OREGON: First National Bank of Eugene, Springfield Branch*

WISCONSIN: Citizens State Bank, Genoa City.

*Newly organized.

What Banks Can Do During Mobilization Manpower Shortages

Tight Labor Market Studied in New Guide

With the effects of a tight labor market already being felt, and with the certainty that manpower shortages will increase as mobilization progresses, the Customer and Personnel Relations Department of the American Bankers Association has issued *Bank Manpower Bulletin No. 1* to guide banks through this difficult period.

The *Bulletin*, first in a projected series, summarizes the current manpower situation, suggests possible actions to be undertaken now by banks, and endeavors to point out future trends that appear probable. A copy of the *Bulletin* has been mailed to each A.B.A. member bank.

It advocates a careful classification of employees into groups—groups which might be subject to draft call at different times. It defines occupations listed as "essential" and "critical," shows requirements now and what to be prepared for in the future.

December PR Workshops in Kansas City-Phoenix

Public relations workshop meetings have been arranged by the A.B.A. Public Relations Council for Kansas City on Dec. 8 and 9 and for Phoenix on Dec. 12 and 13.

State association officers from six states will participate in the Kansas City workshop and officers from seven states in the Phoenix meeting.

Current problems facing banks will be discussed and a program devised.

New V-Loan Booklet

(CONTINUED FROM PAGE 92)

guaranteeing agency considers necessary for the procurement of materials and the performance of services for the national defense.

"The Department of Commerce, the Department of the Interior, the Department of Agriculture, and the General Services Administration have been added to the list of the guaranteeing agencies, in addition to the Department of the Army, the Department of the Navy, and the Department of the Air Force.

"The program is patterned after the V-Loan program of World War II. With minor changes, the form of the 1944 V-Loan guaranty will be used; and the procedures for the processing of guaranties generally will follow those in effect upon the termination of the wartime V-Loan program in 1945.

"Undoubtedly during the next few months, a number of changes will be made with the view of simplifying forms and of streamlining procedures. The Credit Policy Commission at a later date will consider the advisability of revising its booklet on *War Loans*."

G.S.B. Library Theses

(CONTINUED FROM PAGE 92)

ard Trust Company, Philadelphia;

Administrative Problems of a Central Systems Department by Bruce L. Smyth, Federal Reserve Bank, Chicago;

Electric Revenue Bonds of Municipal Distributors of TVA Power by James W. Thompson, Federal Deposit Insurance Corporation, Columbus, Mississippi;

The Export-Import Bank of Washington by Sidney A. Trundle, Jr., Manufacturers Trust Company, New York;

Executive Council of A.I.B. Meets in Sea Island Jan. 24-26

The annual midwinter meeting of the Executive Council of the American Institute of Banking will be held at The Cloister, Sea Island, Ga., Jan. 24 to 26, 1951, according to J. Kaye Ewart, president of the Institute. Mr. Ewart is vice-president of the National Bank of Washington, Tacoma, Wash.

The Executive Council is the governing body of the Institute, which is the educational section of the American Bankers Association.

The purpose of the meeting in Sea Island will be to review the A.I.B.'s work during the first half of the Institute year, to discuss educational and administrative policy matters, and to make further plans for the remainder of the year, including the Institute's convention in Pittsburgh, June 4-8, 1951.

The Administrative Advisory, Educational Advisory, Finance, Nominating, Research and Development, and Transportation Committees of the Council will meet on Jan. 23, followed by regular business meetings of the entire Council on Jan. 24-26.

Bank Financing under the Marshall Plan by John A. Waage, Manufacturers Trust Company, New York City;

An Analysis of Common Trust Fund Enabling Acts by John Wallace, The National Shawmut Bank, Boston;

The Cotton Business and Financing the Cotton Market by Robert M. Walmsley III, National Bank of Commerce, New Orleans;

Residential Real Estate Advertising, Brooklyn, New York, 1919-49 by Forest H. West, The Brooklyn Savings Bank.

CALENDAR

American Bankers Association

- Nov. 9-10 19th Mid-Continent Trust Conference, Statler Hotel, St. Louis, Mo.
- Dec. 8-9 A.B.A. Public Relations Workshop, Muehleback Hotel, Kansas City, Missouri
- Dec. 12-13 A.B.A. Public Relations Workshop, Casa Blanca Hotel, Phoenix, Arizona
- Dec. 14-16 A.B.A. Third National Credit Conference, LaSalle Hotel, Chicago, Illinois

State Associations

- Nov. 9-11 Arizona, Arizona Biltmore Hotel, Phoenix

Other Organizations

- Nov. 5-8 Robert Morris Associates, The Greenbrier, White Sulphur Springs, West Va.
- Nov. 17-18 Western Secretaries Conf., Sun Valley Ida.
- Dec. 3-5 Southern Secretaries Conference, Charleston, S. C.



THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

STATEMENT OF CONDITION, SEPTEMBER 30, 1950

RESOURCES

Cash and Due from Banks	\$1,302,922,651.36
U. S. Government Obligations.	1,492,793,271.86
State and Municipal Securities	178,285,802.00
Other Securities	196,809,183.17
Mortgages	38,121,660.03
Loans	1,587,141,192.98
Accrued Interest Receivable	10,032,348.95
Customers' Acceptance Liability	26,037,521.16
Banking Houses	28,915,076.94
Other Assets	3,357,299.09
	<u>\$4,864,416,007.54</u>

LIABILITIES

Deposits	\$4,448,165,040.52
Dividend Payable November 1, 1950	2,960,000.00
Reserves—Taxes and Expenses.	16,740,369.20
Other Liabilities	16,710,006.57
Acceptances Outstanding	32,586,003.78
<i>Less: In Portfolio</i>	4,496,226.57
Capital Funds:	
Capital Stock.	\$111,000,000.00
(7,400,000 Shares—\$15 Par)	
Surplus	189,000,000.00
Undivided Profits	51,750,814.04
	<u>351,750,814.04</u>
	<u>\$4,864,416,007.54</u>

United States Government and other securities carried at \$335,954,818.00 were pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

For the Scrapbook of Bank Interiors



Above, The Wood & Huston Bank, Marshall, Missouri, about 1904. Compare this picture with the others shown on this page

THE banking room of an earlier day, shown at the left, points up graphically the striking changes in present-day bank design.

The new bank lobbies shown here are characterized by smooth flowing lines, modern floors, effective lighting, bright draperies, and an overall good clean look.



Right: The Main Delavan office of the Manufacturers and Traders Trust Company, Buffalo, New York, features an unusual system of lighting



Left, lobby of the 13th Street Office of the Fourth National Bank, Columbus, Georgia

Below, attractive quarters of the Farmers and Mechanics, Savings Bank, Lockport, New York

Below, modern interior of the Ridgefield Savings Bank, Ridgefield, Connecticut, which features clean lines and colorful draperies





The First National Bank of Chicago

Board of Directors

Edward E. Brown
Chairman of the Board

Leopold E. Block
Chairman, Finance Committee,
Inland Steel Company

Augustus A. Carpenter
Director, Hills-McCanna
Company

J. D. Farrington
President, Chicago,
Rock Island and Pacific
Railroad Company

James B. Forgan
Vice-Chairman of the Board

Walter M. Heymann
Vice-President

Henry P. Isham
President, Clearing Industrial
District, Inc.

James S. Knowlson
Chairman of the Board
and President,
Stewart-Warner Corp.

Homer J. Livingston
President

Hughston M. McBain
Chairman of the Board,
Marshall Field & Company

Bentley G. McCloud
Banker

Harry C. Murphy
President, Chicago, Burlington
& Quincy R. R. Co.

James Norris
President, Norris Grain Co.

James F. Oates, Jr.
Chairman, The Peoples Gas
Light and Coke Co.

John P. Oleson
Banker

Irvin L. Porter
Banker

R. Douglas Stuart
Vice-Chairman,
Quaker Oats Company

Louis Ware
President, International
Minerals & Chemical Corp.

Albert H. Wetten
President, A. H. Wetten & Co.

Harry A. Wheeler
Banker

C. J. Whipple
Chairman of the Board,
Hibbard, Spencer, Bartlett & Co.

John P. Wilson
Wilson & McIlvaine

Robert E. Wilson
Chairman of the Board,
Standard Oil Company
(Indiana)

Robert E. Wood
Chairman of the Board,
Sears, Roebuck and Co.

Statement of Condition October 4, 1950

ASSETS	
Cash and Due from Banks	\$ 567,394,505.59
United States Obligations—Direct and fully Guaranteed	
Unpledged	\$ 658,235,295.22
Pledged—To Secure Public Deposits and Deposits Subject to Federal Court Order	168,597,047.07
To Secure Trust Deposits	55,008,376.60
Under Trust Act of Illinois	512,000.00
Other Bonds and Securities	126,887,325.82
Loans and Discounts	846,735,286.34
Real Estate (Bank Building)	2,283,316.86
Federal Reserve Bank Stock	4,650,000.00
Customers' Liability Account of Acceptances	3,599,994.38
Interest Earned, not Collected	4,949,526.83
Other Assets	812,703.89
	<u>\$2,439,665,378.60</u>
LIABILITIES	
Capital Stock	\$ 75,000,000.00
Surplus	80,000,000.00
Other Undivided Profits	6,862,195.43
Discount Collected, but not Earned	1,333,498.68
Reserve for Taxes, etc.	22,779,561.91
Liability Account of Acceptances	4,485,544.59
Time Deposits	\$ 441,253,305.81
Demand Deposits	1,609,086,697.81
Deposits of Public Funds	198,848,849.54
Liabilities other than those above stated	15,724.83
	<u>\$2,439,665,378.60</u>

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

[illegible]

protect them all

23 BURROUGHS PROCESSING CENTERS...FROM COAST TO COAST

**Pittsburgh
Portland, Oregon
Seattle
St. Louis
San Antonio
San Francisco
Washington, D. C.**



Skilled mechanical service, on your premises from 583 Burroughs service centers.

TWO IMPORTANT NAMES IN MICROFILMING

Bell & Howell
MANUFACTURER

Burroughs
DISTRIBUTOR



High-speed recorder. Three reduction ratios available. Photographs fronts and backs of documents side by side on 16 mm. film, or at the flick of a switch, converts to 8 mm. photography of fronts only up one side of the film and down the other.

with Burroughs Microfilming—

Sure, your bank is probably using microfilm . . . taking advantage of its protection, economy and convenience. But to what extent?

How about the records that safeguard the interests of your stockholders and of your employees . . . that define the structure of your bank as a going concern . . . that detail the obligations to depositors and trust department customers? Where would you stand if these records were destroyed or seriously damaged?

Microfilming *all* important records for protection, as well as for economy of storage space and convenience of reference, is just good practice in *any* business.

Your Burroughs representative will be glad to show you how it can be done, quickly and economically, with the finest in modern microfilm equipment—built by Bell & Howell to maintain a tradition of leadership in fine photography. Why not call Burroughs today?

WHEREVER THERE'S BUSINESS THERE'S

Burroughs



"Now It's *This* Way in Our Bank"

(CONTINUED FROM PAGE 39)

Then there's the question of personal calls on customers: Should these visits be "social" or "business"? A difference of opinion on this, some taking one view, some the other. Most banks, it seems, use their lending officers, rather than their new-business men, on these missions. Some set a monthly quota of calls (a dozen, say) for each officer, and require written reports on each.

There's quite a problem, it develops, in getting unsalesminded officers to call on customers and prospects, a point effectively elaborated by Professor Coffin at the Salesmanship School. One suggested approach is to point out to these less confident staffers that the visit isn't a selling job at all, but just a get-acquainted contact. Experience shows that this psychological conditioning of the officer who thinks he can't sell usually works: as the "social call" progresses he's gradually selling his bank, even though he may not realize it. . . .

Thus the departmentals and clinics went, answering problems, batting ideas back and forth, until the delegates' notebooks were filled with memos on how this or that thing is done by banks around the country.

They took notes, too, on the Exhibit of Advertising, a familiar FPRA convention feature. Here hundreds of bank advertising ideas were displayed by the several dozen participating banks, and delegates studied the material carefully and profitably.

THE formal business of the convention was transacted at two general sessions. John Garver's presidential address urged that banks review their public relations policies at this time. Today the banks are in much the same position they held during World War II: financial services for national preparedness will help the nation, and in performing them the banks will be strengthening their own public relations.

Lew Townsend's keynote speech emphasized that a bank's advertising messages must "reach down to the masses" and tell the story in one-syllable language.

The audience that must be reached, he continued, is

Former Governor Robert F. Bradford of Massachusetts speaking at a convention luncheon. "It is not enough," he said, "for banking institutions to advertise that they will guarantee to keep safe and return to each depositor every dollar entrusted to them. The question now arises, What dollar?"



first the banks' own employees, then the stockholders, and finally the public. Lew put the staff first "because, without the full cooperation of the man behind the dotted line, all other efforts to build and improve your public relations will not succeed."

IN the normal course of events the association's 1949-50 first vice-president, Philip K. Barker, vice-president of the Granite Trust Company at Quincy, would have been nominated for the presidency. But events weren't quite normal this year; by convention time Phil was leaving banking to become president of Bankers Development Corporation and so was not a candidate. (He remains in the FPRA family, however, as a member of the Senior Council.) Second vice-president Bernard, vice-president of the Second National Bank, Houston, thus jumped a couple of notches in the official family and became president for the next year.

Other new officers elected were: First vice-president, S. H. (Jim) Chelsted, vice-president of Peoples First National Bank & Trust Company, Pittsburgh; second vice-president, William B. Hall, vice-president of The Detroit Bank; third vice-president, L. L. Matthews, president of the American Trust Company, South Bend, Indiana; treasurer, William O. Heath, vice-president, Harris Trust & Savings Bank, Chicago.

The delegates elected these directors: O. H. P. Baldwin, president of Wilmington Office, Farmers Bank of the State of Delaware, Wilmington; John J. Barry, vice-president, National Shawmut Bank, Boston; Charles E. Finley, executive vice-president, Industrial State Bank, Kalamazoo, Michigan; Henry A. Hendricks, vice-president and trust officer, National Bank of Commerce, Seattle; George H. Rast, cashier, First National Bank, Leesburg, Florida; J. K. Sinclair, president, Kennedy-Sinclair, Inc., New York City.

IF a story that starts with checkers can end with clams (and why not?), your correspondent would like to conclude this report with a short commentary on the bake provided by the FAANE in conjunction with Boston area banks, investment houses, newspapers, and advertising organizations.

An old-fashioned New England clambake is an athletic event. There's even a costume—a full length apron. Well, the sponsors of this gustatory decathlon entered their guests against limitless clam broth, clams, lobsters and sweet corn, cooked on the sands of Gloucester's Wingaersheek Beach.

Comes now a dramatic pause on the threshold of the grand climax: Those Yankees had thought of everything—they even provided coaches in the proper way to eat the humble bivalve mollusk and the noble macrurous crustacean! Yes sir, Native Sons patrolled the aisles of the big tent during supper, and whenever they saw a neophyte timidly leading with his left against a clam or lobster when a stiff right jab was called for, a tactful offer to demonstrate the required technique was forthcoming.

And that, your reporter submits—that, like the little game on Boston Common—was Public Relations!

(A sampling of the ideas exchanged at the FPRA meetings appears in "Methods and Ideas," starting on page 50.)

THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



Condensed Statement of Condition as of September 30, 1950

ASSETS

Cash, Gold and Due from Banks.....	\$1,300,558,046
United States Government Obligations.....	1,711,027,802
Obligations of Other Federal Agencies.....	49,801,599
State and Municipal Securities.....	428,310,003
Other Securities.....	118,533,917
Loans and Discounts.....	1,500,435,838
Real Estate Loans and Securities.....	2,603,320
Customers' Liability for Acceptances.....	23,762,831
Stock in Federal Reserve Bank.....	7,500,000
Ownership of International Banking Corporation.....	7,000,000
Bank Premises.....	27,183,139
Items in Transit with Branches.....	28,895,944
Other Assets.....	3,485,375
Total.....	\$5,209,097,814

LIABILITIES

Deposits.....	\$4,823,894,308
Liability on Acceptances and Bills. . \$39,398,717	
Less: Own Acceptances in Portfolio.....	13,043,293
	26,355,424
Due to Foreign Central Banks.....	8,881,200
(In Foreign Currencies)	
Reserves for:	
Unearned Discount and Other Unearned Income.....	11,403,306
Interest, Taxes, Other Accrued Expenses, etc.	29,848,685
Dividend.....	2,635,000
Capital.....	\$124,000,000
(6,200,000 Shares—\$20 Par)	
Surplus.....	126,000,000
Undivided Profits.....	56,079,891
Total.....	\$5,209,097,814

Figures of Overseas Branches are as of September 25, 1950.

\$326,276,856 of United States Government Obligations and \$10,873,400 of other assets are deposited to secure \$250,528,785 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

The foregoing statement does not include the figures of:
CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Affiliate of The National City Bank of New York for separate administration of trust functions

DIRECTORS

WM. GAGE BRADY, JR.
Chairman of the Board

W. RANDOLPH BURGESS
Chairman of the Executive Committee

HOWARD C. SHEPHERD
President

SOSTHENES BEHN
Chairman, International Telephone and Telegraph Corporation

CURTIS E. CALDER
Chairman of the Board, Electric Bond and Share Company

EDWARD A. DEEDS
Chairman of the Board, The National Cash Register Company

CLEVELAND E. DODGE
Vice-President, Phelps Dodge Corporation

L. M. GIANNINI
President, Bank of America National Trust and Savings Association

JOSEPH P. GRACE, JR.
President, W. R. Grace & Co.

WILLIAM H. HOOVER
President, Anaconda Copper Mining Company

AMORY HOUGHTON
Chairman of the Board, Corning Glass Works

ROGER MILLIKEN
President, Deering, Milliken & Co. Incorporated

FREDERICK B. RENTSCHLER
Chairman, United Aircraft Corporation

GERARD SWOPE
Honorary President, General Electric Company

REGINALD B. TAYLOR
Williamsville, New York

ROBERT WINTHROP
Robert Winthrop & Co.

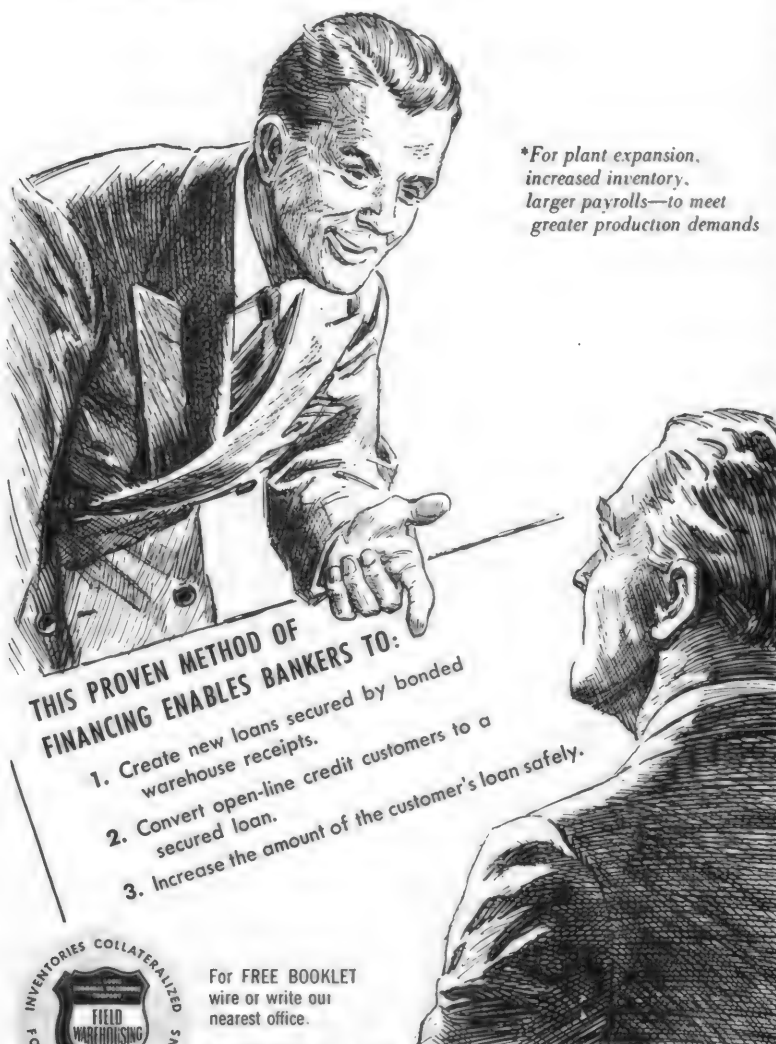
BOYKIN C. WRIGHT
Shearman & Sterling & Wright

"Many Companies in Your Area Need More Working Capital* Today..."

You Will Profit By Making Sound Loans, Using St. Louis Terminal Field Warehousing"

Industrial activity of all kinds is on the increase. That means many more opportunities for sound, profitable loans through St. Louis Terminal Field Warehousing Service.

You now have a great opportunity to give your customers financial assistance by turning marketable inventories into liquid assets.



For FREE BOOKLET
wire or write our
nearest office.

St. Louis Terminal Warehouse Co.

More Than a Quarter of a Century of Warehousing Service

ST. LOUIS 2, MO.
826 Clark
DALLAS 1, TEXAS
Construction Bldg

CHICAGO 3, ILL.
First Nat'l Bank Bldg.
KANSAS CITY 6, MO.
Waldheim Bldg

CINCINNATI 2, OHIO
Carew Tower
MEMPHIS 3, TENN
Sterick Bldg.

Methods and Ideas

(CONTINUED FROM PAGE 50)

A Few By-Products

By-products of the staff selling discussion included one bank's report on its "refresher" system for employees. They switch departments now and then, not only to brush up on what they learned at the last job, but to get acquainted with what may be the next one. Also, staffers are farmed out occasionally to other banks in the city.

Can tellers be trained to remember customers? Well, you can hire "memory experts" to coach your tellers in this useful bit of public relations; and you can remind your people of the importance of remembering names and leave it to them to find a method.

Keep your staff up to date not only on policies that affect it, but also on your advertising program. Some banks send glossies of their newspaper ads to the employees prior to publication. Copy is also posted on bulletin boards. Another mails a monthly bulletin of coming advertising to a list of key personnel. It's important to include the telephone operator on such a list; she's often the one who first meets the inquiring prospect.

It was agreed that employee training films, such as are available through the A.B.A., the FPRA and the telephone company, are decidedly worthwhile.

New Business From Present Customers

Here's a field everybody in the bank, including the directors, can help cultivate.

One bank reported that its board members cooperate enthusiastically in soliciting; they're complimented by being asked, and they get results. The plan helps relationships within the bank by establishing a free contact between the directors and the personnel.

When somebody brought up the matter of acknowledging new business steered into the bank by old customers, a number of ideas were tossed into the hopper. A delegate said his bank had several such good friends—"walking ambassadors," he called them. It says thank you, now and then, by taking the boosters to ball games and by writing letters of

gratitude. Everyone who talked on this point agreed that a bank should be careful to express its appreciation to a customer whose goodwill was demonstrated in so practical a way.

To what extent are new accounts followed up with personal calls by members of the staff? One banker said he made five- or six-hundred of these visits a year.

One bank develops business by singling out from its central file accounts that are using only one service and soliciting the customers for others. Another takes an average balance listing every other month of customers having more than \$5,000 on deposit. It's most interested in the wider swings, either up or down, but particularly the latter. In these cases it may be able to suggest a loan. And sometimes close contact with the balances enables a bank to uncover a case where the customer needs larger facilities than it can provide; here, obviously, is where correspondent services come in.

On the whole, it pays to have the officers go over the larger accounts from time to time, and conduct rather careful follow-ups.

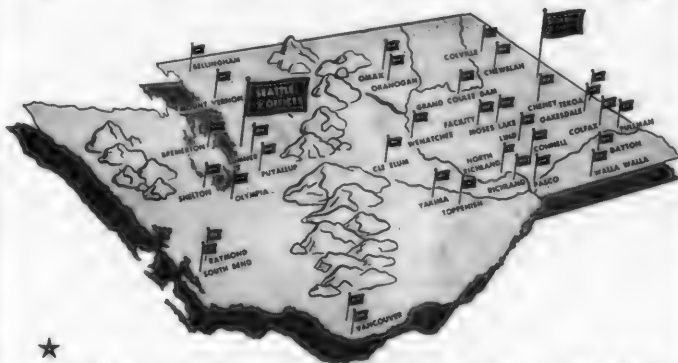
Generally speaking, include as many of your personnel as possible in making contacts with customers and prospects. Every bank has real sales talent on the staff; and often a little skillful coaching and encouragement will bring out latent abilities.

Does a bank's lending policy encourage new accounts? Some banks require a borrower to give it all his business; others don't. It was pointed out that a loan was often a good

"I stay in both lines until I see which one is going to be shorter"



WASHINGTON'S STATE-WIDE BANK



★

SEATTLE-FIRST NATIONAL BANK

STATEMENT OF CONDITION

At Close of Business October 4, 1950

Resources

Totals

Cash and Due from Banks	\$161,028,809.74	
United States Government		
Securities	183,401,331.03	
Obligations of Federal		
Agencies	11,625,495.00	
State and Municipal		
Securities	68,267,271.08	
Other Bonds and Securities	3,925,253.70	\$428,248,160.55
Loans and Discounts		244,997,346.63
Federal Reserve Bank Stock		720,000.00
Bank Buildings, Vaults, Furniture and		
Fixtures, etc.		5,118,285.47
Interest Earned Not Received		2,070,353.29
Customers' Liability under Letters of Credit		
and Acceptances		3,002,660.45
TOTAL	\$684,156,806.39	

Liabilities

Capital Stock	\$ 12,000,000.00	
Surplus	12,000,000.00	
Undivided Profits	7,590,600.00	
Reserves for Contingencies	5,445,668.59	\$ 37,036,268.59
Reserves for Interest, Taxes, etc.		1,678,501.58
Federal Funds Purchased		3,500,000.00
Discount Collected Not Earned		2,110,749.73
Letters of Credit and Acceptances		3,002,660.45
Deposits		636,828,626.04
TOTAL	\$684,156,806.39	

Board of Directors

Lawrence M. Arnold
J. H. Ballinger
Henry Broderick
Frank H. Brownell, Jr.
Charles F. Clise
Earl D. Doran
Joel E. Ferris
O. D. Fisher

Thos. F. Gleed
P. E. Harris
L. C. Henry
Charles H. Ingram
W. M. Jenkins
Eric A. Johnston
Richard E. Lang
Clarence D. Martin
Russell Miller

B. A. Perham
W. G. Reed
Wilbur W. Scruby
Alfred Shemanski
Elbridge H. Stuart
J. A. Swalwell
George Van Waters
Katheryn Wilson



SEATTLE-FIRST NATIONAL BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

means of introducing a customer to the bank—an entering wedge for the sale of other services.

The consumer credit department can be a good feeder for others. One bank sends checking account promotion material to instalment borrowers who pay by money order. At the end of its instalment coupon book another bank inserts a slip suggesting that inasmuch as the borrower has now acquired the regular payment habit, he open a savings account, putting aside each month, for himself, the amount he's been

paying on his loan. One institution makes a point of complimenting the borrower when he makes his next-to-last payment. If he comes in with the money, he's invited to see an officer who thanks him for his promptness and then suggests that inasmuch as he's demonstrated his ability to save, why not continue the thrift habit?

Staff Relations

What about men and women who are going into service? This question came up at a staff relations

clinic; it is, of course, coming rapidly to the fore as the Armed Forces make heavier drafts on manpower. One bank represented at the meeting is paying the difference between its service peoples' salaries and their pay from Uncle Sam. Another said it was paying half the difference.

More emphasis should be put on indoctrination of new employees. Booklets pointing out the benefits of bank employment are helpful. In general, the hidden assets of the bank job should be emphasized—that is, such things as retirement, job evaluation, bonuses, club activities, sports, health plans (one bank has a clinical service).

Some banks put retired officers on advisory boards where their valuable experience continues available.

Trust Development

The FPRA's School of Salesmanship, conducted by Vincent B. Coffin, vice-president of the Connecticut Mutual Life Insurance Company, focused largely on the sale of trust service. Mr. Coffin pointed out that the banker (more specifically, the trust man) has extraordinary advantages in selling. In *prospecting* for customers he starts with a list of his bank's depositors, a roster that may well be good for several years. Not only does he know whom to see, but he knows something about these prospects. Also, he has the advantage of *prestige*: the prestige of his bank and of the banking business. Again, he enjoys *financial security*, and thus can interview people in a relaxed, unpressing manner; in other words, he's a man on a salary and he knows that his next day's meals don't depend on whether he makes a quick sale.

But he must also acquire a few extra aids. He must realize that although he doesn't consider himself a salesman, he's really had considerable selling experience right in the bank. For instance, whenever he takes a new idea to his boss he's doing a sales job. The only difference is that when he goes outside to sell, he's acting deliberately.

He must also know how to interview people. This isn't merely a matter of laying down a proposal and getting an answer. It's a case of (1) uncovering the need for what he's selling, (2) showing the answer to his prospect's problem, and (3) getting action.

STATEMENT OF CONDITION

At the Close of Business, October 4, 1950

RESOURCES

Loans and Discounts	\$ 78,390,444.01
U. S. Government Securities	62,273,033.26
State, County and Municipal Securities	19,079,598.32
Other Investment Securities	3,760,214.99
Stock in Federal Reserve Bank	360,000.00
Overdrafts	15,536.59
Bank Premises, Vault and Furniture and Fixtures	488,655.88
Other Assets	110,005.73
Cash and Due from Banks	68,806,474.36
	\$233,283,963.14

LIABILITIES

Capital Stock—	
Common	\$6,000,000.00
Surplus	6,000,000.00
Undivided Profits	6,876,126.49
Reserve for Taxes, Employees' Pension Plan, etc.	1,974,656.95
Bills Payable	5,000,000.00
Deposits	207,433,179.70
	\$233,283,963.14

Member Federal Deposit Insurance Corporation

OF OKLAHOMA CITY



Community Relations

It's axiomatic that identification of the bank with community projects is good public relations. One banker reported that his institution summarizes its activities in this category each year end, and publishes the story in its house organ. The information is presented chronologically—that is, "April 1: Mr. Jones was made head of the Red Cross campaign. . . .", etc. throughout the year. This method gives everybody concerned a more or less public pat on the back, and puts their services on record.

In a discussion on bank practices in giving to charities, one delegate said that in his town appeals go to the clearinghouse and the member banks are prorated for their shares. Another said his bank considers each case as it comes up; another has a fixed amount for each charity.

School programs, as a part of public relations, seem to be developing rapidly.

Direct Mail

The mailing list is taken from such sources as car registrations, telephone directories, retail credit agency lists, real estate transfers, renting agents for new developments, vital statistics.

Letters welcoming residents to a community are productive, especially when followed up with cards inviting the newcomers to the bank to get a gift.

One bank sends a \$1 certificate of deposit to the family of each new baby in town. With the credit goes a homey letter. Special passbooks, attractively decorated, are rather widely used. An investment of \$3 in every "stork club" account was reported by one institution.



Guaranty Trust Company of New York

140 Broadway

Fifth Ave. at 44th St. Madison Ave. at 60th St. Rockefeller Plaza at 50th St.

LONDON • PARIS • BRUSSELS

Condensed Statement of Condition, September 30, 1950

RESOURCES

Cash on Hand, in Federal Reserve Bank, and	
Due from Banks and Bankers	\$ 589,402,961.78
U. S. Government Obligations	993,379,420.24
Loans and Bills Purchased	992,078,627.15
Public Securities	\$103,051,470.12
Stock of Federal Reserve Bank	9,000,000.00
Other Securities and Obligations	19,806,636.41
Credits Granted on Acceptances	11,984,803.23
Accrued Interest and Accounts	
Receivable	7,921,412.96
Real Estate Bonds and Mortgages	17,377,908.03
Items in Transit with Foreign	
Branches	612,660.16
	169,754,890.91
Bank Premises	5,046,451.52
Other Real Estate	16,777.40
Total Resources	\$2,749,679,129.00

LIABILITIES

Capital	\$100,000,000.00
Surplus Fund	200,000,000.00
Undivided Profits	75,111,115.77
Total Capital Funds	\$ 375,111,115.77
Deposits	2,312,110,133.81
Foreign Funds Borrowed	225,000.00
Acceptances	\$ 17,781,541.85
Less: Own Acceptances Held for	
Investment	4,063,537.29
	\$ 13,718,004.56
Dividend Payable October 16, 1950	3,000,000.00
Accounts Payable, Reserve for	
Expenses, Taxes, etc.	45,514,874.86
	62,232,879.42
Total Liabilities	\$2,749,679,129.00

Securities carried at \$120,082,242.15 in the above Statement are pledged to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

J. LUTHER CLEVELAND
Chairman of the Board

WILLIAM L. KLEITZ
President

DIRECTORS

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WILLIAM B. BELL	President, American Cyanamid Company	JOHN A. HARTFORD	Chairman of the Board, The Great Atlantic & Pacific Tea Company
F. W. CHARSKIE	Chairman, Executive Committee, Union Pacific Railroad Company	CORNELIUS F. KELLEY	Chairman of the Board, Anaconda Copper Mining Company
J. LUTHER CLEVELAND	Chairman of the Board	MORRIS W. KELLOGG	Chairman of the Board, The M. W. Kellogg Company
W. PALEN CONWAY		WILLIAM L. KLEITZ	President
CHARLES P. COOPER	President, The Presbyterian Hospital in the City of New York	CHARLES S. MUNSON	Chairman of the Board, Air Reduction Company, Inc.
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STUART M. CROCKER	President, The Columbia Gas System, Inc.	GEORGE E. ROOSEVELT	of Roosevelt & Son President, The Prudential Insurance Company of America
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GANO DUNN	President, The J. G. White Engineering Corporation	CHARLES E. WILSON	President, General Electric Company
WALTER S. FRANKLIN	President, The Pennsylvania Railroad Company	ROBERT W. WOODRUFF	Chairman, Executive Committee, The Coca-Cola Company

Member Federal Deposit Insurance Corporation

Bank Leads in Restoring Soil Vitality

(CONTINUED FROM PAGE 68)

supplies and equipment necessary to carry out the SCS plan.

Along with the implement dealers, the veteran agricultural training classes agreed to furnish the manpower necessary to do the job. Later, when the time came to show the results and huge numbers of farmers flocked to observe the project, the churches cooperated by serving lunch to those who came to learn to be better farmers.

First Field Day

Work got under way in August 1948, and when the first field day was held the visiting farmers saw an amazing transformation. On that day 150 rods of new fence posts were set; an acre was contoured for trees; 1,800 feet of terraces to a 250-foot diversion ditch were put in; and 1,000 feet of grass waterways constructed.

Those were the initial things done to control and stop water erosion.

The big improvement was in the state of the pastures. During the year 170 tons of lime were spread upon the permanent pastures and meadows and these were seeded to legumes (alfalfa mix) or blue grass. Thirteen acres of pasture were trash-mulched and seeded. The eye-opener for the visiting farmers came in August 1949, the second field day, when the yields showed an increase of a ton and a half an acre in prime hay and carrying capacity of pastures and meadows had jumped by 30 percent.

It was only possible to estimate the cost of the work. The implement dealers and other farm suppliers threw away their books in supporting the project. Roughly the cost was estimated at slightly more than \$2,500 for seed, fertilizer, lime, fencing, posts, gates, etc.

On that field day in August 1949, 110 rods of fence posts were set; 500 feet of terrace and an additional 500 feet of waterways constructed; 40 tons of lime was spread and three acres were trash mulched.

To add zest to the show the implement people staged a tractor maintenance demonstration and a contour and level ground plowing match was held.

Results to Date

The third annual field day was held on August 18, 1950. The project had two full years of operation and the results were amazing to the more than 2,000 Ashland County farmers who attended. Fields that had once been abandoned to poverty grass and brambles were lush with legumes and grain crops planted on the ground treated on the first field day, already harvested, showed increased yields and weight.

On that day the field work included trash-mulch seeding and preparation of eight acres; 400 feet of waterways constructed with the plow, and 400 feet with a bull-dozer; six acres of pasture clipped and limed; and 36 tons of lime spread. Special events included the plowing contest and an air dusting demonstration.

Bright Future

What makes the future look so bright is the estimated yields attributed to the project when it begins fully to realize the benefits from

THE NATIONAL CITY BANK — OF CLEVELAND —

Statement of Condition

SEPTEMBER 30, 1950

ASSETS

Cash and Due from Banks	\$125,254,251.34
United States Government Obligations	217,750,580.33
Other Securities	31,435,169.15
Loans and Discounts	136,335,369.47
Investment in Banking Premises	2,410,965.93
Customers' Liability on Acceptances and Letters of Credit	8,150,861.04
Accrued Interest	2,069,261.86
Other Assets	884,819.34
	<u>\$524,291,278.46</u>

LIABILITIES

Capital Stock (625,000 shares)	\$ 10,000,000.00	
Surplus	15,000,000.00	
Undivided Profits	2,020,483.59	\$ 27,020,483.59
General Reserve	2,561,779.11	
Dividend on Capital Stock payable Nov. 1, 1950	250,000.00	
Acceptances and Letters of Credit	8,150,861.04	
Accrued Interest and Expenses	1,524,288.45	
Deferred Credits and Other Liabilities	4,100,244.83	
Corporation, Individual and Bank Deposits	\$365,698,732.03	
Savings Deposits	69,404,181.11	
Trust and Public Deposits	24,775,575.06	
U. S. Treasury Tax and Loan Account	20,805,133.24	480,683,621.44
		<u>\$524,291,278.46</u>

NOTE: United States Government obligations carried at \$48,735,113.23 are pledged to secure trust and public deposits, U. S. Treasury Tax and Loan account, and for other purposes as required or permitted by law.

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

the sound soil and water use program. Corn, oats, and wheat are expected to have 100 percent jumps in yield. Milk flow per cow per year is expected to reach 11,000 pounds, the hens are counted upon to lay an average of 200 eggs per bird per year and it is expected that hogs will be fattened to 200 pounds in less than 180 days on the increased and enriched rations.

"No man," says Mr. Cox, "can stand knee-deep in a field of alfalfa, on the spot where just a year before brambles and poverty grass flourished, and not know that he is in the midst of production unlimited. You can feel the grateful soil pouring strength into the plants."

This enthusiasm is shared by the farmers of Ashland County. Each August they have come by the thousands to an annual field day on which they are taken for a tour of the farm.

Farmers Follow Lead

That they like and believe in what they see, Mr. Cox is certain. A number of the farms in which the bank has a financial interest have been voluntarily improved by the owners' adopting soil and water use practices which they have seen demonstrated on the project. This is only a small segment of farmers who are, according to Mr. Coffman and Mr. Shilliday, adopting one or more of the demonstrated practices on their own farms.

In summing up, Mr. Cox modestly attributed the success of the project first of all to the initial soundness of the soil and water use program of the Soil Conservation Service and the Extension Service, and, second, to the marvelous cooperation given by the implement and farm supply people, the local newspaper, radio station, and farm groups.

Claude Hummel, agricultural economist of the Federal Reserve Bank, Cleveland, an organization vitally interested in seeing that the financial health of the nation is kept robust through sound land use, frankly credits Mr. Cox's interest and promotion with its success.

"The project never would have reached maturity if Mr. Cox had not stuck to the job like a dog to a root," comments Mr. Hummel. "And he has built better than he knows. The Ashland plan could be used by banks anywhere."



100 years ago fire marks, like the one pictured, were nailed to buildings insured by The Connecticut Fire Insurance Company of Hartford, Conn. They identified owners of the property as provident, prudent citizens with an eye to the future. People were proud to display these little marks. But customs change and Connecticut agents no longer nail signs to buildings. People have learned that the ownership of a Connecticut Fire Insurance Company policy is, in itself, a sign of good protection.

We'd be glad to give you the name
and address of our nearest agent.

The Connecticut

FIRE INSURANCE COMPANY

OF HARTFORD, CONN.

1850 ONE HUNDRETH ANNIVERSARY 1950

WRITING ALL FORMS OF PROPERTY DAMAGE INSURANCE WORLD-WIDE

**Safeguard
life as well
as funds**

...

**Install a
YALE**

**Emergency
Vault Ventilator**



Don't risk suffocation, when a YALE Emergency Ventilator can be so easily installed.

A turn of the handle forces in a continuous stream of fresh air—120 cu. ft. per minute. It provides light inside the vault, dispelling fear and aiding the work of releasing the locking mechanism. It serves as a speaking tube for clear communication with those outside.

The YALE Ventilator is quickly installed in *any* wall—of *any* thickness—in vaults of new or old construction. It does not impair the strength of the wall—successfully resists burglary, and does not affect the burglary insurance rate.

Write for complete details on how you may have a YALE Ventilator installed.



**THE YALE & TOWNE
MANUFACTURING CO.
STAMFORD, CONN.**

Bank Records

(CONTINUED FROM PAGE 43)

which are not, and to destroy the latter. In cases of doubt, the line should be drawn toward the lesser of the two evils, having too many records, and having too few.

Basically the problem is simple. The difficulty, of course, lies in determining where to draw the line and, in cases of doubt, in determining which evil may be the lesser. Unfortunately there is no ready answer nor any one answer for every type of record, for every bank, for every state.

There are guides to follow. Some are elementary. Records which experience shows may be needed in current operations should be retained. Oldest records are normally destroyed first, although it should be remembered that an old record may have more value, even if only historical, than the fourteenth carbon copy of a current record.

Among records of the same age, the less important should be destroyed first, bearing in mind that importance is relative.

Records which a bank has reason to believe may be the basis of a dispute, and any records evidencing payment or nonpayment of obligations should always be considered important.

It is wise to retain indefinitely any records evidencing title to property.

One Rule of Thumb

To put it another way, it is a safe rule to preserve a record so long as there is a reasonable possibility that it may be needed to establish a claim for the bank or defend a claim against it.

Further assistance may be found in statutes of limitation, fixing time limits for the bringing of various types of lawsuits. These exist in Federal law and in the laws of all states. They provide, in effect, that a person who acquires the right to bring an action must bring it within the applicable time limit or not at all.

Insofar as these statutes apply to actions based upon bank records, they would seem to permit the safe destruction of such records after the time of the statute has run. Yet, even here there are difficulties.

For example, a deposit is not due until demanded and the applicable statute of limitations does not begin to run until the demand is made, and payment is refused. Since it cannot be foretold when a demand for an old deposit may be made, it cannot be foretold when a ledger showing payment of the deposit may safely be destroyed. Destruction of the ledger will, of course, deprive a bank of evidence to prove payment in case of a subsequent claim by the depositor or his successors.

Then again, some records may have a bearing upon more than one possible action, thus involving more than one statute of limitations.

The operation of one such statute can be forecast with accuracy. This is the A.B.A. Final Adjustment of Statements of Account Statute, now enacted in recommended or modified form in 14 states.

It provides that if a depositor does not object to a statement of his account for five years after the account is rendered, it will be presumed correct, and he will be

(CONTINUED ON PAGE 112)

DIRECTORS

EDWIN J. BEINECKE
Chairman, The Sperry & Hutchinson Co.

EDGAR S. BLOOM
Chairman, Atlantic, Gulf and West Indies Steamship Lines

ALVIN C. BRUSH
Chairman, American Home Products Corporation

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Director, Western Electric Co., Inc.

HENRY C. VON ELM
President

ALBERT N. WILLIAMS
President, Westinghouse Air Brake Company

MANUFACTURERS TRUST COMPANY

*Condensed Statement of Condition as at close of business
September 30, 1950*

RESOURCES

Cash and Due from Banks	\$ 619,939,730.28
U. S. Government Securities	864,942,693.71
U. S. Government Insured F. H. A.	
Mortgages	64,477,359.87
State and Municipal Bonds	44,971,121.05
Stock of Federal Reserve Bank	3,150,000.00
Other Securities	21,256,503.17
Loans. Bills Purchased and Bankers'	
Acceptances	662,977,763.90
Mortgages	13,177,063.13
Banking Houses	10,907,217.39
Other Real Estate Equities	262,630.16
Customers' Liability for Acceptances	8,213,366.90
Accrued Interest and Other Resources	5,769,125.21
	<u>\$2,320,044,594.77</u>

LIABILITIES

Capital	\$45,000,000.00	
Surplus	60,000,000.00	
Undivided Profits	36,452,371.76	\$ 141,452,371.76
Reserves for Taxes,		
Unearned Discount, Interest, etc. .	15,224,912.79	
Dividend Payable October 16, 1950 .	1,350,000.00	
Outstanding Acceptances	9,191,379.24	
Liability as Endorser on Acceptances		
and Foreign Bills	2,871,225.19	
Cash held as Collateral or in Escrow	14,044,545.10	
Deposits	2,135,910,160.69	
	<u>\$2,320,044,594.77</u>	

United States Government and other securities carried at \$97,625,369.06 are pledged to secure public funds and trust deposits and for other purposes as required or permitted by law.

Head Office: 55 Broad Street, New York City

European Representative Office: 1, Cornhill, London, E. C. 3
Far Eastern Representative Office: Naka 7 Building, 3-chome, Marunouchi, Tokyo

Member Federal Reserve System
Member New York Clearing House Association
Member Federal Deposit Insurance Corporation

SAVE FOR YOUR INDEPENDENCE—BUY U. S. SAVINGS BONDS

"Will you
please come by my
house tonight
and pick up
my will?"



This telephone message was received recently by a Trust Officer.

He went, got the will, and this explanation:

"When I began receiving your trust advertising, I did nothing. Then I began to read it, and I found questions that I could not answer intelligently about my own affairs. It annoyed me. Then it aroused my curiosity. Finally, as you know, I came to see you last month. This will represents the result of constant reminders sent to me by your bank over the years. I want it in your hands before I leave on my vacation."

The Trust Officer's Bank—our customer—was named executor and trustee under this will.

You will find our trust programs equally successful in promoting new business for your Trust Department.

May we submit a proposal?

THE PURSE COMPANY

Headquarters for Trust Advertising

CHATTANOOGA, TENNESSEE

barred from questioning its correctness for any cause whatsoever. The statute thus makes it unnecessary thereafter to retain books and records to support the correctness of that account as stated.

In adopting the statute, the State of Maine has not left this to inference, but has modified the recommended draft by the addition of this language: "Banks shall accordingly not be required to preserve, or keep their records or files relating thereto, for a longer period than 6 years." Me. L. '49, c.57.

It will be noted that Maine has also modified the 5-year period of the recommended draft, as have seven other of the 14 states to enact the statute. As shown in the accompanying table, these modified periods range from seven years in Connecticut to six months in Arizona and Utah.

Three other states have enacted statutes of limitation applicable to bank records which go well beyond the scope of the A.B.A. statute. Both Iowa and Nebraska have provided that any cause of action based on a claim inconsistent with an entry in a bank record shall be barred 11 years after the date of the entry. Iowa, L. '47 c. 268; Neb., L. '49, c. 10.

The Iowa statute provides that a bank shall not be required to keep records, other than ledger sheets showing unpaid balances, for longer than 11 years after January 1 of the year following the time of the making of the records. The Nebraska law is similar, but sets the minimum retention period at six rather than 11 years.

It is noteworthy that both of these statutes apply only to claims *inconsistent* with entries in records, the destruction of which they permit. It would seem that it could be difficult, upon occasion, to determine if a claim were consistent or inconsistent with a record which had been destroyed.

A North Dakota statute first provides a 6-year minimum record retention period similar to Nebraska's, and then goes on to provide that "no depositor or other creditor shall commence an action against a bank on any account or claim of any kind" [italics supplied] after expiration of that period unless he shall have made written demand for a settlement or adjustment of his claim within that period. North Dakota L. '49, c. 109.

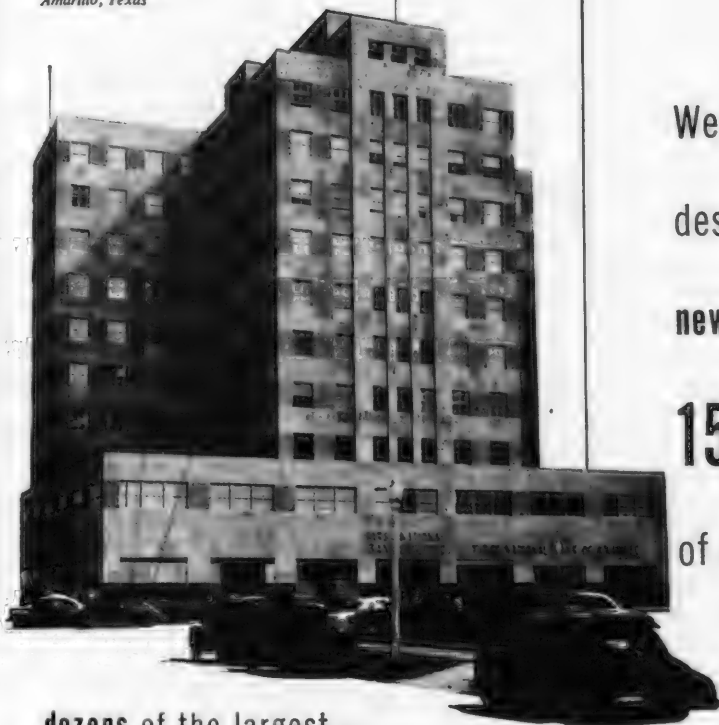
Use of Signed Releases

Banks may afford themselves protection somewhat similar to that afforded by statutes of limitation by obtaining signed releases from their depositors. That is to say, any bank wishing to destroy records relating exclusively to a customer's account may destroy them with greater safety if it first obtains a signed agreement that a statement of the account is correct and will not be questioned.

Destruction schedules, listing various types of bank records and specifying how long an individual record of any type should be kept prior to destruction, are not only of great assistance in making an initial attack on a large accumulation of old records, but are the keystones of all long-range record handling programs designed to reduce future accumulations.

However, any bank which does use them would do well to bear in mind that schedules are merely guides.

*First National Bank,
Amarillo, Texas*



**dozens of the largest—
more than a hundred
medium-size and small banks!**

Experience is a precious asset to anybody, any business. We've acquired ours over a period of 38 years, during which we've created thousands of new banking quarters which are the essence of operating efficiency and architectural beauty. Our wide acceptance among bankers everywhere is evidenced by the number of projects we now have on our drawing boards: more than 158 jobs, large and small, from coast to coast, and in Mexico and Cuba. During the past five years alone, we've averaged one new project every three days!

If you are contemplating new banking quarters, our experience will prove invaluable to the success of your program. And whether your project is a new fixture job, or a major building project, you may be certain it will get the same attention, the same meticulous craftsmanship, the same skilled supervision which has won the approval of bankers all over America. Write today.



AMERICA'S MOST EXPERIENCED BANK DESIGNERS BUILDERS

NEW YORK
193 PARK AVENUE, N. Y. CITY

SAN FRANCISCO
MECHANICS INSTITUTE BLDG.

ST. LOUIS
NINTH & SIDNEY STREETS

ATLANTA
WESTERN UNION BLDG.

We are currently
designing and building
new quarters for
158 banks
of all types and sizes!



Broadmoor Branch, First National Bank of Shreveport, La.

When selecting your bank designer . . .

Carefully consider his experience, organization ability, reputation, financial responsibility. Investigate before you invest!

*Bank Building and
Equipment Corporation
OF AMERICA*

A National Mortgage Clearinghouse

A NEW national mortgage clearinghouse, Housing Securities, Inc., has been formed to "provide liquidity and broaden the market for FHA and VA loans." The president of the corporation is Thomas P. Coogan of Miami, Florida, who also heads the National Association of Home Builders.

The corporation, whose stockholders were recruited from the NAHB membership, is "a completely private venture with no Government string attached."

The corporation, it was explained, will obtain orders from institutional investors to buy large quantities of mortgages in diversified areas. Against these orders it will issue firm commitments to mortgages for the purchase of FHA and VA mortgages. The seller will pay half a point for the service.

The company will neither originate loans nor handle servicing, and "will thus compete with no established organizations in the home finance field." Neither will it compete

with FNMA which buys mortgages for its own account.

"Homebuilders," said the announcement, "have been faced with varying problems, but none so acute as the inability of their mortgagees to find a steady investment market."

HSI stockholders are limited to 50 shares of nonnegotiable stock.

Bank Ads That Sold

THREE banks and a group of Philadelphia investment firms won special recognition from the nation's newspapers for outstanding advertising in 1949.

Campaigns of the Chase National Bank of New York, Idaho First National Bank of Boise, Northwestern National Bank of Minneapolis, and the Pennsylvania Institute of Investment firms were among the 50 chosen for inclusion in the 1950 edition of *The Blue Book of Newspaper Advertising*, just published by the Bu-

reau of Advertising, American Newspaper Publishers Association.

Stating the case for banks and the competitive banking system, the Chase National's weekly series employed the testimonial technique, each ad carrying a picture-interview with a customer.

Idaho First National Bank, to increase use of its various services by both old and new customers, ran a weekly series of ads throughout the year in the 21 newspapers in 18 cities where it has offices.

Also selling its wide diversity of services, Northwestern National Bank ran a series of monthly full-page newspaper ads, using picture-page technique. It used two weekday newspapers and one Sunday paper in Minneapolis.

THE Pennsylvania Institute is a group of 57 Philadelphia securities houses, banded together for promotional purposes. The firms, convinced that an important market for securities exists among people who have never bought them before, set out to dramatize the income-producing potential of such investments.

Watch the savings grow with... Visabank

Your depositors see at a glance how savings stack up in these beautiful marbled plastic coin-saving banks! Visabanks stimulate savings—create new accounts—build good will and future business! Your advertising message on the back constantly reminds depositors to bank savings regularly!



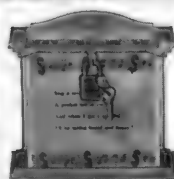
IDEAL CHILDREN'S BANK... they can watch the money mounting.



PERFECT FOR HOUSEWIVES... a catch-all for loose change!



DESK DRAWER BANK... convenient for business men!



Each VISABANK has its own miniature padlock. A wide selection of colors is available. Coin slots are calibrated and individual to simplify coin-counting and speed window service.

Your imprint and advertising message are included at no extra charge!

Write now for free folder of information or ask our representative to call.

PATENTED PLASTICS, Inc. • 1010 Woodland Ave., Cleveland 15, Ohio



May we assist you in handling
FOREIGN TRANSACTIONS?

Commercial Letters of Credit

Mellon Travelers Letters
of Credit

Foreign Exchange

Credit Information

Collection of Foreign Items

Foreign Remittances—
Mail and Cable

At this time, many of your customers may be inquiring about purchases of scarce or strategic materials from foreign countries. Or you may have customers whose export business is becoming increasingly important. If such is the case, the foreign banking services of Mellon National Bank can be most helpful.

For example, correspondent banks may obtain Mellon National Bank commercial letters of credit for the use of their customers in making foreign or domestic purchases. These credits are furnished under an arrangement allowing a commission fee to the correspondent bank . . . yet the customer pays a rate no higher than if he dealt directly with us.

Our Foreign Division is staffed with experienced personnel and is prepared to furnish information and advice regarding any phase of foreign trade and foreign banking.

**MELLON NATIONAL BANK
AND TRUST COMPANY**

PITTSBURGH 30, PENNSYLVANIA

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Washington

(CONTINUED FROM PAGE 37)

expansion of instalment loans. This was primarily an anti-inflation measure. There are no figures yet available as to the extent to which civilian production should be cut back, since the war production program was not scheduled to get under way in volume until late in the winter. The Federal Reserve Board's plan was to stick to its original regulations for at least several weeks. It was understood that the trade

was so advised by the Board. However at the instance of Mr. Symington's office, it is understood, the Board was induced to tighten up its regulations in this short period, indicating large discretion lodged with Mr. Symington to deal with these regulatory subjects whether or not any disagreement is involved.

Mr. Symington first met Mr. Truman when the latter was chairman of the Senate War Investigating Committee. The then Senator became impressed with his future NSRB chairman's business and executive ability. Mr. Symington had

achieved a notable record in curing "sick businesses." He was brought into the Government first as Surplus Property Administrator.

Later he moved into the Defense Department and became Secretary of the Air Forces before he was put in charge of the National Security Resources Board. He also assists the President by appearing before congressional committees where he is credited with being a successful "salesman" for Administration programs.

Consumer Credit Supervisor Evans

When the Reserve Board wanted one of its members to take primary responsibility for the supervision of consumer credit regulation, it turned to an old hand at this business. R. M. Evans of Iowa has this responsibility, which he discharged during a large part of the war and postwar era.

Before Gov. Evans was appointed to the Board in 1942 as an individual representative of a farm viewpoint, he had served variously as a local official in his state of the Agricultural Adjustment Administration, a special assistant to the U. S. Secretary of Agriculture, and eventually, AAA Administrator.

V-Loan Supervisor Vardaman

As early as September 27 the Federal Reserve Board announced that it was ready to put into operation its program for guaranteeing war contractors and subcontractors on loans obtained to finance their contracts.

Under the program there are certain guaranteeing agencies. These include the service departments, the General Services Administration, and the Commerce and Agriculture departments.

Each of these guaranteeing agencies is authorized to guarantee loans made by banks and other lending agencies to individuals and private corporations for the purpose of financing not only contracts but other operations which the guaranteeing agency considers necessary for the procurement of materials and the performance of services for the Federal Government.

In the administration of this program the Reserve Board will give special attention to the requirements of small business, the Board said.

(CONTINUED ON PAGE 118)

BONDS *exclusively* —an established policy

Providing investment capital for worthy borrowers —industry, utilities, railroads, states, municipalities —has been the business of this firm for a half century. And during this period Halsey, Stuart & Co. Inc. has adhered to a firm policy of underwriting and distributing to investors bonds, notes, debentures, and equipment trust certificates *exclusively*.

¶ As a specialist in debt obligations, Halsey, Stuart makes available a diversity of bonds in both large and small amounts for investors of all types—bank, corporate, institutional, individual and pension fund. Send without obligation for our latest offering list.

MUNICIPALS IN VOLUME

Tax exempt income and established safety are among the qualities that recommend municipal bonds to the conservative investor. In the past four decades state and municipal bonds totaling over 5.6 billion dollars were underwritten

by Halsey, Stuart alone, or by underwriting groups headed by this firm singly or jointly with others. These bonds represented more than 2200 separate issues and originated in every state of the Union.

HALSEY, STUART & CO. Inc.

123 SOUTH LA SALLE STREET, CHICAGO 90 • 35 WALL STREET, NEW YORK 5
AND OTHER PRINCIPAL CITIES

For Office, Showroom, Warehouse or Factory



...AN EBASCO SPACE UTILIZATION PROGRAM IS ONE SURE WAY TO CUT COSTS— INCREASE STAFF EFFICIENCY

If you do not use to full advantage every foot of space in your office, showroom, warehouse or factory, it may be costing you a great deal more than you realize.

Improper space utilization in your present or proposed new location means "hidden" costs—loss in staff and clerical efficiency, unusable areas and unnecessary maintenance costs.

One sure way to control these factors—the way many far-sighted businesses are doing today—is through a Space Utilization Program by EBASCO.

Some part of this program can fit your needs and answer your immediate problems:

- Long-range space planning
- Functional layouts
- Decoration and modernization
- Lighting—ventilation—acoustical treatment
- Planning and supervising alterations or construction
- Building and space operation and maintenance

With a broad background of experience, EBASCO specialists can perform these services for any department in your company—or for your company as a whole.

Whether you have a problem involving a large or small amount of space call EBASCO. You're assured of a dollar-saving solution—one that is right for your staff—right for your business! Get in touch with us today. No obligation for preliminary discussions, of course.

Write Ebasco Services Incorporated,
Dept. L, Two Rector Street, New York 6, N.Y.



Appraisal Budget	Design & Construction Financial	Insurance & Pensions Office Modernization	Research Sales & Marketing Systems & Methods
Business Studies	Industrial Relations	Purchasing Rates & Pricing	Taxes Traffic
Consulting Engineering	Inspection & Expediting		

EBASCO SERVICES

INCORPORATED

NEW YORK • CHICAGO • WASHINGTON, D. C.

Ebasco Teamwork gets things done anywhere in the world

(CONTINUED FROM PAGE 116)

The Federal Reserve banks and branches are designated by Executive Order as fiscal agents for the guaranteeing Government departments. The Board's regulations for this new program, the "V-Loan program," are almost identical with those in force during the war.

A commercial bank, approached for Government assistance on a military or military-supporting contract, would take this up with the Federal Reserve bank or branch; or the initiative for the guarantee

would come from the Reserve System.

Gov. John K. Vardaman, Jr., who was a Naval officer during the last war, and had service as Naval Aide to the President, is charged with administrative supervision of this program for the Board.

While handling the Office of Real Estate Credit, Charles T. Fisher, Jr., also assists in the administration of the V-Loan program.

RFC Picture Undefined

Another phase of the mobilization

of controls for military production under the Defense Production Act was the designation of the Reconstruction Finance Corporation as the agency to make loans for plant expansion and construction when necessary to support military production.

As yet unsettled is the fundamental question of the degree of discretion which will be left to RFC. On the one hand it may work out that the services or other procurement agencies will select the company to receive an RFC capital loan, and that such agencies will determine, as well, the amounts, terms, conditions, and the like. In such a case RFC would merely administer and carry out decisions made by other Federal agencies.

On the other hand, RFC may play a dominant role, as in the past war. In such a case, the agency would handle entire capital expansion projects, making sure only that they achieved the production objective set out by the procurement agencies.

Meanwhile there is some doubt as to the tenure of the RFC's board of directors. Two incumbent directors were renominated before the recess. These were William E. Willett of Maryland and Walter L. Dunham of Michigan. Three new members were nominated. These were C. Edward Rowe, Massachusetts lawyer and bank director, and former official of the Smaller War Plants Corporation; W. E. Harber, banker, of Shawnee, Oklahoma; and Walter E. Cosgriff, banker of Salt Lake City.

Members of the Banking Committee ignored the entire slate of officers, taking no action toward confirming them. Subsequently Congress recessed until November 27. After the recess the President "appointed" Messrs. Rowe, Harber, and Cosgriff to the Board.

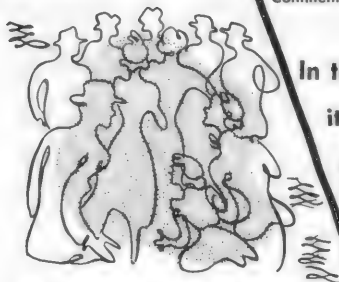
Congress believes that when it declines to act to confirm a nominee, he should step out. On the other hand, the Administration obtained a ruling from the Attorney General that the legal situation was the same as if Congress had adjourned, and the President was authorized to make appointments.

It is anticipated that these appointments will be the subject of some acrimonious controversy when the recess ends, and it is possible to question the durability of the tenure of all these appointees.

(CONTINUED ON PAGE 120)



Custom Built Hollow Bronze International-Van Kannel Revolving Door
Continental Bank and Trust Company, 30 Broad St., New York City
Architect: Walker and Gillette



In the competition for today's business,
it is the gracious, subtle extra conven-
iences — such as revolving doors —
that influence prospects to become
customers of one bank rather than
another.

For information — see the Yellow
Pages in your telephone directory
or our catalog in Sweet's file.

REVOLVING
INTERNATIONAL-VAN KANNEL
DOORS
1807 EDGAR ST. EVANSVILLE 7, IND.

IN CANADA — International-Van Kannel revolving doors are avail-
able through Eastern Steel Products, Ltd., in Toronto and Montreal.



Take just a few moments...

Discover the advantages of the

10-KEY KEYBOARD

The New
**UNDERWOOD
 SUNDSTRAND**
*Bank
 Model*
**ACCOUNTING
 MACHINE**



The modern way to Post Depositors Checking Accounts

Note that operator's eyes are focused on the posting media . . . not the keyboard! Because of the Underwood Sundstrand Touch Method there is no need to look at the keyboard . . . no tiresome head-

swing from posting media to keyboard. The modern Front Feed Carriage provides full visibility at all times . . . simplifies form handling.

Furnished with or without automatic check count feature.

Underwood Corporation
 ONE PARK AVENUE, NEW YORK 16, N. Y.
 UNDERWOOD LIMITED, 135 Victoria St., Toronto 1, Canada
 Accounting Machines...Adding Machines...
 Typewriters...Carbon Paper...Ribbons
 Sales and Service Everywhere

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Underwood Corporation, One Park Avenue, New York

Please send me further information on the new
 Underwood Sundstrand Bank Model Accounting Machine.

Name and Title _____

Name of Bank _____

Address _____

City _____ Zone _____ State _____

B-11-50

(CONTINUED FROM PAGE 118)

Required Reserves

While not strictly a war controls measure, the question of legal reserves required for members of the Federal Reserve System will be debated as though it were. It will be asserted that, with the prospective utilization of present legal powers to increase required reserves, still higher reserves must be authorized if needed as a measure to counter inflation and thus to support the military production program.

It is understood that the Reserve

Board is studying the subject. Because there will be little time left in the present session of Congress after the recess ends November 27, few observers anticipate that the Reserve Board will this year suggest amending the law to make possible higher reserve requirements.

Such a suggestion, however, probably will be made to Congress some time next winter.

There is a good possibility that the Board's suggestions on this subject may revive the proposal for a secondary or special reserve of short-term governments, and couple with

this also a proposed revision of the basis for reserve requirements. Such a revision would abolish the present geographical basis of a different level of reserves for central reserve cities, reserve cities, and "country" banks. Instead there would be a geographically uniform level of reserves based on class of deposit.

How Much Preparedness Are We Prepared For?

One of the most discussed problems of the day is whether the American people will support a war effort that ultimately will take the budget of the U. S. to an annual basis of some \$70-billion.

Like a delayed-action fuse, the very much higher taxes and the major run of controls will not cut deeply into the economy until well into next year.

Officials wonder how far people will support a much sharper level of taxation, and a sacrifice of their standards of living after several months of comparative peace. The answer to this unknown will affect not only monetary and credit policy but the direction of the entire economy.

Only \$50-Billion

Nevertheless, most officials were expecting that for the current fiscal year, notwithstanding rearmament, expenditures would not exceed \$50-billion and might run substantially less. They expect this because the physical production of war goods is slow getting under way. Tax revenues, it is thought, will bring in some \$45-billion this year, leaving a maximum deficit of \$5-billion.

If Congress moves fast next year to enact permanent taxes to finance the enlarged military program, revenues for the current year might exceed \$45-billion.

With such a relatively light deficit, in view of the enlarging military program, the Treasury probably will not be needing any new money, except what it picks up on weekly bill issues, until well into the winter.

Beginning in 1952, maturities of E bonds will run to nearly \$4-billion, and will continue in large volume for several years. By next spring the Treasury probably will have decided whether to offer any special inducements to owners of maturing E bonds to reinvest in a similar type of security, and what type or types of security should be offered.

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NATIONAL BANK OF DETROIT

COMPLETE BANKING AND TRUST SERVICE

STATEMENT OF CONDITION, OCTOBER 4, 1950

RESOURCES

Cash on Hand and Due from Other Banks		\$ 318,611,899.77
United States Government Securities		672,586,372.96
Other Securities		117,671,860.03
Loans:		
Loans and Discounts	\$ 241,239,387.71	
Real Estate Mortgages	54,517,101.48	295,756,489.19
Accrued Income and Other Resources		5,258,413.95
Branch Buildings and Leasehold Improvements		2,070,744.92
Customers' Liability on Acceptances and Letters of Credit		5,315,471.41
		<u>\$1,417,271,252.23</u>

LIABILITIES

Deposits:		
Commercial, Bank and Savings	\$1,209,936,750.05	
United States Government	75,985,107.92	
Other Public Deposits	36,362,406.53	\$1,322,284,264.50
Bills Payable		15,000,000.00
Accrued Expenses and Other Liabilities		8,390,087.17
Dividend Payable November 1, 1950		600,000.00
Acceptances and Letters of Credit		5,315,471.41
Capital Funds:		
Common Stock	\$ 15,000,000.00	
Surplus	45,000,000.00	
Undivided Profits	5,681,429.15	65,681,429.15
		<u>\$1,417,271,252.23</u>

United States Government Securities carried at \$114,198,752.13 in the foregoing statement are pledged to secure public deposits, including deposits of \$10,379,599.36 of the Treasurer-State of Michigan, and for other purposes required by law.

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PRENTISS M. BROWN
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MAIN OFFICE—WOODWARD AT CADILLAC SQUARE
Detroit 32, Michigan

Member Federal Deposit Insurance Corporation

School Work

(CONTINUED FROM PAGE 41)

the current semester. It has had an excellent reception. The third film, which will deal with money management, is in production and will be used during the current school year. Others will follow at the rate of about one a year, until the entire subject of banking is thoroughly covered.

The other A.B.A. project in the school field, a manual on bank cooperation with schools, has had far-reaching effects. It presented a plan of action for contacting schools, conducting student tours of banks, and banker participation in the school through provision of teaching aids, or by personal participation as a speaker.

While it is true that a few banks have had school-relations programs for years, the A.B.A. study caught the underlying spirit of the times and started a trend. The steadily growing momentum of this trend indicates that this will be a long-range movement, not just a flash in the pan.

State Associations Lead the Way

The true impetus behind banking's educational program comes from the state associations. Today more than half of the states have definite school programs, or are in process of developing such programs.

Indiana's "Banking on the Future"

program represents a very well organized approach to the problem. The subcommittee on schools of the public relations committee, Indiana Bankers Association, has prepared a 17-page report on its over-all program. A careful reading of this penetrating study and its "suggested minimum program" is recommended to any banker or group planning a school program.

Here are a few thought-provoking excerpts from the Indiana program: "This is not a time for complacency or indifference. Circumstances demand a positive and aggressive program. If we make the effort, we can not only retain our present high public favor, but we can also insure a long life to the American system of chartered banking. . . . Our customers of five, 10, or 15 years from now must be given a thorough and complete understanding of the banking enterprise while they are still high school students. . . . The plan envisions an understanding of banking by all high school seniors."

Tools recommended by the Indiana committee are the A.B.A. manual on school relations, the A.B.A. film program, bank tours, class discussions, and get-together meetings with school officials.

The Massachusetts Bankers Association in 1949 inaugurated a program with a somewhat similar title: "Banking on Youth." In presenting this program to Massachusetts

banks, the public relations committee stated that it received its inspiration from a program of the Kansas Bankers Association. "If today's customers had been the recipients of a youth contacts program in the past," the committee said, "there might have been less recourse to Government credit agencies, fewer deposits in the Postal Savings System, and 37 percent of the people might not have said they either favor Government ownership of the banks or have no opinion."

The Massachusetts program calls for a *continuous contact* with students. Methods of contact recommended are bank tours, classroom talks by bankers, use of films and other teaching aids, essays, contests, and other procedures.

Kansas has undoubtedly the most ambitious and best organized tour program of any state in the nation. In announcing the 1950-1951 bank tour program at the start of the current school year, the chairman of the bank personnel section of the Kansas Bankers Association said: "We want to escort every senior high school class in Kansas on a conducted tour of the bank or banks in its community, early in the new school year."

This objective is not just wishful thinking. It is backed up by a statewide organization and a compact plan. Four hundred and sixty-one local bank tour managers have been appointed in that many Kansas cities and towns, wherever there is at least one bank and a nearby high school. The tour managers are to work closely with school officials in making arrangements.

The Kansas program was started in 1949, and during the first school year 114 tours were conducted for more than 3,000 seniors and 200 teachers.

The committee recommends the use of the A.B.A. manual on bank-school relations, and the A.B.A. high school films on banking. It also supplies its own manual, entitled *Kansas Bank Tour Program Manual*, as a complete guide to the program.

The Virginia Bankers Association has concentrated on a public speaking contest to spearhead its school relations, although Secretary Marchant Wornom states that a broader program "is in the thinking stage." The Virginia speaking contest represents a highly successful program

(CONTINUED ON PAGE 124)

During the production of *Pay to the order of*, a film which is now sponsored by banks in 709 school systems



Christmas Club, a Corporation, announces . . .

THE HERBERT F. RAWLL MEMORIAL AWARDS

**"HOW
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INSTITUTIONS
HELP MY
COMMUNITY
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Christmas Club, a Corporation, through The Herbert F. Rawll Memorial Awards Competition, offers \$10,000.00 in cash prizes to the writers of the best letters on the subject, "How Financial Institutions Help My Community and Me."

First award, \$2,500.00; second award, \$1,000.00; and a total of 324 generous awards in all.

The purpose of this Competition is to stimulate the interest of the American people in our American banking system.

The Competition is open to Christmas Club Members in any Financial Institution displaying the Emblem of Christmas Club, a Corporation.

Competition closes January 15, 1951.



● Herbert F. Rawll, Christmas Club founder, was the first to demonstrate to the American people—on a vast scale—the practicality and wisdom of systematic saving of small amounts of money through local financial institutions.

● This has been the first step for many, many millions of Americans toward financial independence and security. Christmas Club has been their introduction to the varied, valuable services offered by financial institutions.

● And a logical second step has been for these thrift-conscious people to use the other services that financial institutions provide.

● That's why Christmas Club has become an integral part of America's free enterprise system of banking—which operates for maximum protection and financial security of both individuals and communities.

● That's why Financial Institutions that have Christmas Club are Institutions that grow.

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(CONTINUED FROM PAGE 122)

of a different nature. In its first year, contests were held in 180 high schools in 56 counties and three cities. Considerable publicity resulted, and over 9,000 people were in the audiences during the elimination contests.

In the second year, recently concluded, contests were held in 195 schools in 69 counties, both figures representing increases.

In Vermont the association builds its educational program around the A.B.A. film program.

Florida has developed a high degree of cooperation with schools of the state. A manifestation of this is the current project of producing a textbook on banking. It is a three-way bit of cooperation involving the Florida Bankers Association, the State Superintendent of Public Construction, and the College of Education, University of Florida.

Nebraska is in process of developing an expanded school program. At present the state is circulating prints of the first two A.B.A. films, *Pay to the order of*, and *How Banks Serve*. This state, like many others all

around the country, has a well organized program of activities in connection with farm youth.

Michigan has attracted national attention with its short course scholarship plan for farm boys and girls. So significant is this educational innovation (described in *BANKING*) that representatives of 36 of the 53 land grant colleges in the United States held a workshop during June to study the Michigan course.

Minnesota is one of the several states that have speakers' bureaus. A list of bankers willing to speak is on file, and prepared talks are also available. Many of the speeches and informal talks are made in classrooms.

Pennsylvania, Delaware, and West Virginia are the three states having "Know Your Bank" weeks. School activities play an important part in these occasions. It has proved to be an excellent opportunity to have banking stressed in the classroom, to have banking films shown, and to arrange tours of students through the banks.

Missouri has had a bank-school relations project for at least four years. The chairman of the Missouri public relations committee sums the plan up this way: "It provides for an instructional booklet to be furnished to the economics or mathematics teachers in the high schools, and booklets or pamphlets which would be distributed to students. At the time banking is discussed in the class, a local banker appears for one or more class periods to answer questions. Then a visit to the bank follows."

This Missouri officer further expresses the opinion that: The A.B.A. and the state associations should join forces in an endeavor to have subjects on banking and thrift included in required courses in all high schools."

Use of A.B.A. Films by State Associations

At present 21 state associations are using the A.B.A. film program. In most cases the state association makes its print or prints available to its members, or to schools, on loan. This type of distribution is very effective in supplementing the outright purchase arrangement that is the basis of the film plan. State sponsorship is particularly valuable to small banks where outright purchase would not be practical.



THIS year, as in the past, Americans will send millions of dollars abroad as Christmas gifts to relatives and friends. We maintain an easy-to-operate foreign remittance service for banks which do not maintain overseas connections. Our service is complete. We furnish the necessary forms and suggest solicitation methods.

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A hungry hawk, failing to snare a flock of pigeons by direct attack, resorted to cunning. Calling down to their cote, he said: "Why live in constant fear, pigeons? Make me your king and I shall protect you from harm." The gullible pigeons agreed, and made the hawk their king; whereupon he issued an order that one pigeon would be sacrificed for his dinner each day.

In this same insidious manner, the "welfare state" threatens to make Americans swap their hard-won freedom for false security.

Abraham Lincoln said: "As I would not be a slave, so I would not be a master. This expresses my idea of democracy. Whatever differs from this, to the extent of the difference, is no democracy."



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World Business

(CONTINUED FROM PAGE 60)

seem to be in order. Gray's report, said the *Post*, goes far beyond his original assignment of "what to do about the dollar gap." While the dollar gap is in large measure solving itself, thanks to Korea, the Gray group's retrospective draft proposal included: an ERP after 1952 continuing at the 1952 rate; Point IV aid for the underdeveloped, including grants, technical aid and \$500-

million to \$800-million annually of World Bank and Eximbank loans; liberalization of US import barriers; creation of an overall Economic Overseas Administration; and setting up of an international agency to allocate scarce materials.

THE LENDER PAYS

Under this caption George Schwartz, an able London financial writer in *The Sunday Times*, expresses his incipient sorrow for the American people after reading the OEEC's proposals on international

investment: long-term interest-free loans "on such nominal terms that they are virtually equivalent to grants." Although the Americans might be thought to have earned the right to cultivate the arts and graces of life, something in which they are regarded abroad as sadly deficient, they are invited, nay instructed—says Schwartz—to buckle down to it and take up more of the world's burdens.

U. S. WANTS BANKERS' HELP

In the psychological war against communism abroad the State Department has been organizing a campaign in which private U. S. businessmen and others are enlisted to sell freedom and show up communism. Interviewed on the subject by *BANKING*, Francis H. Russell, director of the State Department's Office of Public Affairs, said: "American banks with foreign branches and operations can play a real role. They can, for instance, in their foreign advertising, tell something of the story of America. They can help in getting material about the United States distributed abroad. They can issue pamphlets for overseas use telling the story of American banking. In all of the many things which can be done, the State Department in Washington and the Government's Public Affairs Officers in our overseas missions will be delighted to help and cooperate in the campaign of truth and ideas which must be won."

(CONTINUED ON PAGE 128)

"George C. Marshall Hall" is rushed to completion for opening of the Berlin Industrial Fair



WIRE WORLD

THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS



STATEMENT OF CONDITION AT CLOSE OF BUSINESS

OCTOBER 4, 1950



RESOURCES

CASH AND DUE FROM BANKS.....	\$ 56,796,102.79
UNITED STATES GOVERNMENT SECURITIES.....	46,735,579.44
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	5,200,065.27
OTHER BONDS, NOTES AND DEBENTURES.....	2,010,017.55
STOCK FEDERAL RESERVE BANK.....	270,000.00
LOANS AND DISCOUNTS.....	74,025,449.73
INCOME EARNED—UNCOLLECTED.....	314,629.02
FUTURE BANKING SITE AND GARAGE PROPERTY.....	1,181,501.24
FURNITURE AND FIXTURES.....	3,737.71
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	265,836.00
OTHER RESOURCES.....	195,759.93
TOTAL.....	<u>\$186,998,879.68</u>



LIABILITIES

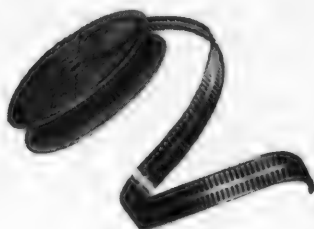
COMMON STOCK.....	\$ 4,500,000.00
SURPLUS.....	4,500,000.00
UNDIVIDED PROFITS.....	985,150.67
RESERVE FOR CONTINGENCIES.....	1,501,885.04
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	993,141.65
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	1,504,416.85
LETTERS OF CREDIT ISSUED.....	265,836.00
INCOME COLLECTED—UNEARNED.....	702,141.12
DEPOSITS:	
INDIVIDUAL.....	\$125,179,131.68
BANK.....	35,955,591.43
U. S. GOVERNMENT.....	3,726,666.42
OTHER PUBLIC FUNDS.....	7,184,918.82
TOTAL.....	<u>\$186,998,879.68</u>

U. S. Government and other securities carried at \$25,135,955.65 in the above statement are deposited to secure public funds and for other purposes required or permitted by law.

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¶ STATEMENT OF THE OWNERSHIP, MANAGEMENT, AND CIRCULATION REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912, AS AMENDED BY THE ACTS OF MARCH 3, 1933, AND JULY 2, 1946 (Title 39, United States Code, Section 233), of BANKING, JOURNAL OF THE AMERICAN BANKERS ASSOCIATION, published monthly at Philadelphia, Pa., for October 1, 1950.

¶ 1. The names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, The American Bankers Association, 12 East 36th St., New York 16, N. Y.; Editor, William R. Kuhns, 12 East 36th St., New York 16, N. Y.; Managing editor, None; Business manager, John J. Rooney, 12 East 36th St., New York 16, N. Y.

¶ 2. The owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual member, must be given.) The American Bankers Association, 12 East 36th St., New York 16, N. Y. (A voluntary unincorporated association of banks); James E. Shelton, President, Security-First National Bank of Los Angeles, Los Angeles 54, California, President; Harold Stonier, 12 East 36th St., New York 16, N. Y., Executive Manager.

¶ 3. The known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.), None.

¶ 4. Paragraphs 2 and 3 include, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting; also the statements in the two paragraphs show the affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner.

¶ 5. The average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the 12 months preceding the date shown above was: (This information is required from daily, weekly, semi-weekly, and tri-weekly newspapers only.).

WILLIAM R. KUHN, Editor

¶ Sworn to and subscribed before me this 28th day of September, 1950.

¶ Elizabeth Rautanen, Notary Public, State of New York, No. 31-8503250, Qualified in New York County, Cert. filed with N. Y. Co. Clks. & Reg. Offices. Cert. filed with Westchester Co. Clerks.

¶ (My commission expires March 30, 1952.)

(CONTINUED FROM PAGE 126)

CANADA'S DOLLAR TAKES LEAVE OF ABSENCE

Following several days of press rumors late in September, Canada took its dollar off the pegged parity and set it afloat in an effort to cope with the inflow of capital from inflating U. S. A. Thus Canada emulates France and some lesser members of the World Fund in employing a foreign-exchange system frowned upon in the Bretton Woods Agreement. Canada's announcement was followed by a Fund press statement to the effect that the Fund accepted the Canadian step as necessary.

Canada will continue to consult with the Fund from time to time. France introduced a free market in foreign exchange in January 1948 and has not since restored the franc to a par value as called for in the Fund's Articles. The Fund's mimeographed announcement that Canada had informed it of its exchange step was dated September 30 (Saturday) but postmarked October 2 (Monday).

POINT IV STARTS

Ambassador Capus M. Waynick, acting administrator of Point IV in the State Department, has announced that Latin America can expect \$11-million from the U. S. this year, or about one-third of the appropriated Point IV funds. In addition, Latin America can expect to receive a substantial part of the \$20-million the UN will spend on technical cooperation. Last year the U. S. spent about \$7-million on similar work, although the title, Point IV, (CONTINUED ON PAGE 130)

William C. Foster, new ECA Administrator, succeeds former boss Paul Hoffman



HARRIS & EWING

REPUBLIC NATIONAL BANK of Dallas

Statement of Condition, October 4, 1950

RESOURCES

Cash and Due from Banks	\$110,565,016.56
U. S. Government Securities	46,993,192.71
State, Municipal and Other Securities	1,407,267.30
Stock in Federal Reserve Bank	825,000.00
Loans and Discounts	182,503,794.91
Bills of Exchange and Commodity Loans	24,431,488.60
Bank Premises and Equipment	2,333,763.15
Real Estate for Bank Expansion	2,387,428.32
Acceptances—Customers Account	8,757,433.69
TOTAL	\$380,204,385.24

LIABILITIES

Capital	\$13,500,000.00	
Surplus	14,000,000.00	
Undivided Profits	3,320,792.88	\$ 30,820,792.88
Reserve for Contingencies	2,503,287.13	
Reserve for Taxes, Etc.	2,000,821.31	
Acceptances—Customers Account	8,757,433.69	
Deposits:		
Individual	227,810,442.77	
Banks	103,297,747.98	
U. S. Government	5,013,859.48	336,122,050.23
TOTAL		\$380,204,385.24

★ ★ ★

The assets of the Republic National Company, including its capital stock of \$3,000,000, are not included in above statement. The Company owns controlling stock in the following banks located in Greater Dallas, all affiliated with the Republic National Bank:

FAIR PARK NATIONAL BANK	LAKEWOOD STATE BANK
GREENVILLE AVENUE STATE BANK	NATIONAL CITY BANK
HIGHLAND PARK STATE BANK	OAK CLIFF BANK & TRUST CO.
OAK LAWN NATIONAL BANK	

Deposits of the Republic National Bank and Affiliated Banks aggregate \$424,668,401.23



New REPUBLIC NATIONAL BANK Building
—Scheduled for completion, Fall 1952

(CONTINUED FROM PAGE 128)

was not yet on the statutes . . . Our embassies in countries likely to desire Point IV help have been told to contact the governments concerned and forward their request to Washington for consideration . . . The volume of proposed projects is sure to exceed the financial limits of the program Congress has approved. And the technical projects, it is equally sure, will serve to point the way to requests for large-scale dollar assistance to the underdeveloped countries, assistance which private U. S. capital won't begin to supply.

UNTIED LOANS

Behind the financial scenes in Washington the argument is being made that the U. S. Eximbank ought to make untied loans, so that the borrower may spend the proceeds in any country of his choosing. To this idea there is resistance on the part of those who think that the Eximbank was set up to foster American industrial exports. The counter-argument, of course, is that in the final analysis dollars lent abroad will be spent in the U. S. A., if not for industrial products, then for something else. Thus if Eximbank

lends dollars to country A, which uses them to buy machinery in country B, the latter country will employ the dollars in acquiring other things which it needs from the U.S., immediately or later. There is a slight catch in this, however. Country B may wish to buy gold with the dollars. While the U. S. has billions of gold to spare, it is not always too happy about what other countries do with gold, as witness the history of this subject in the World Fund.

NEW YORK, Large scale economic aid for India will require more liberal policies toward foreign capital, the Institute of International Finance finds. Most of the capital needed must come from private sources, the Institute believes, and the new investment regulations promulgated in June "have been regarded as inadequate in American business circles."

PARIS. At the annual Fund and Bank meeting no decision was reached on a successor to Camille Gutt, whose contract runs out next May. The British and Canadians would like the post to go to Rasminsky, a Canadian who is much younger than Gutt's 68 years. The U. S. reportedly favors Saad, an Egyptian who has been an executive director since the beginning of the Fund. He gets along well with the Americans. The Dutch reportedly would like to see Beyen

(CONTINUED ON PAGE 132)

Eugene R. Black, World Bank President, with Camille Gutt, president of International Monetary Fund, in conference in Paris



EUROPEAN

BANKING



RELIANCE

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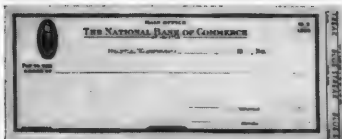
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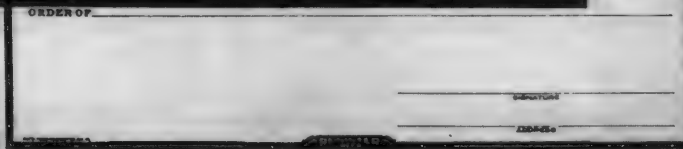
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(CONTINUED FROM PAGE 130)

get the job. Beyen was once president of the Bank for International Settlements. The Latin Americans would like anyone but Gutt. But Mr. Gutt shows no relish for retiring from the scene. Thus, what the *New York Times* described from Paris as a "not very carefully concealed row" was inconclusive.

WINSTON-SALEM. Robert M. Hanes, North Carolina banker, has announced his resignation as ECA chief in Germany. Mr. Hanes

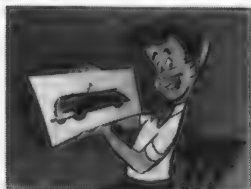
joined ECA abroad in April 1949. One of the difficulties of American military government is keeping good men abroad.

WASHINGTON. The European Payments Union, for whose creation by June 30 frantic work was done under ECA pressure, was finally signed and made effective on September 19. The EPU, Paul Hoffman then announced, is "the biggest step toward economic unification since they formed the OEEC." The latter organization is in some official circles playfully labelled "the donees"

union," because it reputedly sets the conditions under which the member countries accept ECA aid.

PANAMA. The consolidation of Panama's external dollar debt on a 3 percent basis in New York in September marked the first private lending of dollars to a Latin American country in a decade. About 20 banks and insurance companies took the new issue of bonds, maturing from 1951 to 1995, at par. The new bonds are secured by the annual U. S. payment to Panama for rental of the Canal Zone.

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North of the Border

CANADA has in recent weeks undertaken some of the most important political and financial measures in her history—a rearmament program of quite considerable proportions, further commitments under the North Atlantic Pact, the reimposition of controls over a wide range of materials, and the unpegging of her dollar. All of these moves will have marked effects on Canadian economy. They will also be felt in the international sphere, particularly in the United States, for American policies are exerting such an influence on Canada as to integrate more closely than ever before the economies of the two countries.

The special session of Parliament in Ottawa, called primarily to consider the crisis developing from hostilities in Korea, had first to deal with a strike of all the nonrunning railway trades, which threatened to paralyze the entire Canadian economy. Backed by public resentment against the union leaders who brought about this stoppage of all rail transportation, the government ended the short-lived strike by decreeing compulsory arbitration, perhaps confirming the statement of a former Dominion Minister of Labor that the first railway strike in Canada would be the last.

Then Parliament got to work, and really to work, on its rearmament program. Morning, afternoon, and night sessions were held, even on Saturdays, enlivened by some spirited debates emanating from the Opposition on whether Canada was to do all she is capable of doing. Out of these strenuous, and at times acrimonious, sessions came approval of the government's action in forming

a special armed force for the United Nations to be used in Korea or, if necessary, in Europe. The sum of \$144-million was voted for additional defense expenditures during the present fiscal year, ending next March 31, and \$300-million for military equipment and related services, partly for Canada's own rearmament program and partly for aid to Western Europe. These new amounts raise Canada's defense appropriations to over \$850-million. It is altogether probable that they will rise to a billion or more in the next year.

The principles of defense financing adopted in World War II are to be continued. That is, a pay-as-you-go policy is to be followed by taxing to the limit of political and administrative capacity. Thus the higher defense expenditures for the current fiscal year are to be covered by increased corporation and consumer taxes, none of them severe and none providing for higher limits on personal incomes, so as to maintain the budgetary balance that has been established as government policy in the last few years. Indeed, a small surplus of revenues over all expenditures is expected to be shown at the end of the next fiscal year.

Implicit in the Dominion Government's new rearmament program is, however, the possibility that personal income taxes, now left at the minimum postwar level, will be raised next year. In other words, the Canadian people have been warned that, while they have been let off lightly on this occasion, rearmament is going to cost more in the future and that they will have to pay for it.

The Canadian rearmament program is consistently being meshed into a joint American Canadian defense scheme. During the last year this column of BANKING has pointed to such a juncture of industrial mobilization.

Now it may be stated that as a result of conferences between American-Canadian authorities, some of a secret character, a bilateral pact will soon be agreed upon providing for free movement of armament materials across the international boundary. This will also involve a joint economic planning board to direct bilateral allocation, and priority controls to make certain that strategic materials are channeled into defense production.

It will also prevent discrimination in the movement of such strategic materials—that is, a United States defense manufacturer will get the same priority rights on Canadian copper or other items as the Canadian manufacturer.

The government already has obtained legislation from Parliament which gives it the right to curb instalment buying and control the price and allocation of any commodities considered "essential" in the country's defense. Though not as extensive, they are expected to be similar to and have approximately

the same effect as the credit curbs introduced in the United States. Other controls will be instituted. The steel industry likely will be asked to control the flow of steel on a voluntary basis. If this doesn't work, then compulsory controls will be instituted. Other metal producers, such as aluminum, copper, lead and zinc, will be asked to follow a similar policy. Thus a United States producer of a commodity considered nonessential in the United States will find it extremely hard to obtain raw materials for that purpose in Canada.



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Watch Our National Step

(CONTINUED FROM PAGE 46)

more danger of this than there is that bankers will become ultra-modern.

* * *

Bankers in agricultural areas must study proper land use in war. If the principles of good land use are disregarded, our war potential insofar as agricultural production is concerned could fall to levels below our present peacetime production in two to three years. By the most optimistic estimates another war would be a long and costly one. Success in that war could depend upon continued full production of agricultural products consistent with good land use over a long period of years rather than a two or three years' soil depleting spurt.

* * *

Our biggest job is to safeguard a sound monetary unit. Unless we can maintain a sound money we may handle our deposits carefully and conservatively and still lose them. We may fight and win a war and still lose it.

I have often wondered why a nation dedicated to growth, improvement and advancement, better schools, better educational processes, better hospitals, better medical practices, better management, better machine production, better chemical processes, better laws—a nation willing to put forth the physical and mental efforts to produce these results—could not recognize the need and advantage of having better money. It is the measuring stick we use to determine the value of our property, our savings, and our labor. What advantage do we imagine there might be in a poorer, cheaper money?

* * *

We face the danger of communist philosophy and its attacks on our independence—attacks from within as well as from abroad. We must face these attacks realistically. At the same time, we must continue to exercise our responsibility as a world leader for bringing about and safeguarding peace throughout the world, but not at the price of weakening a system that is fundamentally sound for successful and happy living.

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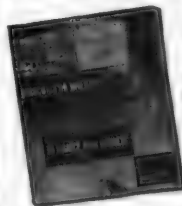
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Housing Credit Restrictions

RESTRICTIONS on residential real estate construction credit, under authority of the Defense Production Act of 1950 and the President's Executive Order No. 10161 of September 9, 1950, were announced October 10 on non-Government-aided private credit, Government-aided loans, and direct Government veteran and farm loans on one- and two-family houses.

Credit restrictions on housing loans not insured, guaranteed, or extended by Government agencies are covered under Regulation X issued by the Board of Governors of the Federal Reserve System, with the concurrence of the Administrator of the Housing and Home Finance Agency. Companion restrictions on Government-aided housing finance, on a basis conforming to those applied to other types of private credit, were announced by the Housing and Home Finance Administrator.

The new regulations will call for downpayments ranging from 10 percent in the \$5,000-and-under price range to 50 percent at \$25,000 and over, with preference for veterans amounting in most cases to 10 percentage points. The regulations are geared to the marketing of housing production of not more than 800,000 to 850,000 new housing units next year.

The regulations specify maximum amounts which can be borrowed, maximum maturities, and minimum amortization requirements for extensions of credit on residential construction, including the financing of major additions and improvements where the loan amount is more than \$2,500. They do not apply to non-Government-aided loans on construction begun before noon on August 3, 1950, nor to loan commitments made prior to the effective date. Credits secured by new construction as well as credits extended to finance the purchase of homes are subject to the regulations.

For those purchasing homes in the lower price brackets, the percentage downpayments required are lower than for higher priced structures, and for veterans using GI loans the downpayment requirements are lower at each price level

INTRODUCING PAOLI

This month we open our nice, new little plant in Paoli. For the benefit of our western friends who do not have a map handy, Paoli is located on the Lincoln Highway nineteen miles west of Philadelphia. As previously announced, this new production unit is to take some of the load off our New York plant, which is very crowded, and at the same time provide, thru decentralization, a little extra cushion in the interest of uninterrupted service.

It is expected that from Paoli we will serve Eastern Pennsylvania and Southern New Jersey, as well as all other areas to the south. Our customers in these areas have been or will be notified, and we will

make the switch as quickly as personnel and facilities will permit without in any way affecting our delivery schedules

Ralph Kolze, our Paoli manager, is straining at the leash, anxious to demonstrate to our customers that Paoli can match or better the performance of any DeLuxe plant, while Johnny Lesko, now accustomed to his new superintendent's stripes, is wearing a broad grin of confidence which is becoming and heartening. Others behind the scenes are completing their assignments and machinery is moving in on schedule, so it looks as though the newest DeLuxe production unit will get off to a good start.



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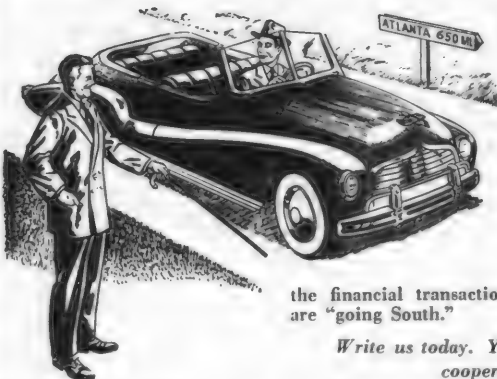
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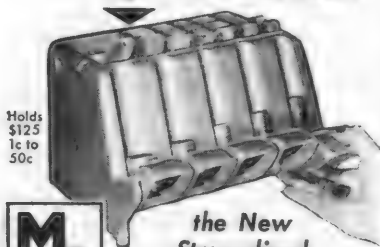
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than on other loans. Also, a longer period for repayment is permitted for those buying homes costing \$7,000 or less.

In determining the amount that can be loaned, the lender must take into account all credit previously extended in connection with the property and still outstanding, as well as the amount of additional credit being extended. This provision brings supplementary borrowing, as well as first mortgage loans, within the scope of the regulation. In other words, minimum downpayments must be made from the borrower's own funds in connection with extensions of credit on new residential construction and not from the proceeds of supplemental mortgages or personal loans in excess of the permissible loan value.

Downpayments and maximum permissible loans for non-government loans and FHA-insured financing are identical and are calculated on the transaction price which is defined by the regulation as the amount paid or to be paid by the purchaser, exclusive of prepaid items of expense, such as taxes or insurance. Under the regulation, maximum permissible loan amounts, maximum maturities, and minimum amortization provisions are specified.

Properties having a value of:	May have outstanding credit of:
More than \$2,500 but not more than \$5,000	90% of the value
More than \$5,000 but not more than \$9,000	\$4,500 plus 65% of excess of value over \$5,000
More than \$9,000 but not more than \$15,000	\$7,100 plus 60% of excess of value over \$9,000
More than \$15,000 but not more than \$20,000	\$10,700 plus 20% of excess of value over \$15,000
Over \$20,000	\$11,700 plus 10% of excess of value over \$20,000 but not less than 50% of value

To carry out the requirement that the relative credit preferences for veterans be maintained, downpayment requirements on loans guaranteed or made by the Veterans Administration are 10 percent lower than on FHA and non-Government-aided loans in the price range between \$6,000 and \$12,000, with the preference narrowing to 5 percent in both the higher and lower price levels. The down-payments on VA-guaranteed loans, also based on transaction price, are computed as follows:

Value (Transaction Price)	Minimum Downpayment
\$5,000 or less	5% of value
More than \$5,000 but not more than \$8,000	\$250

More than \$8,000 but not more than \$9,000	\$250 plus 25% of excess of value over \$6,000
More than \$9,000 but not more than \$12,000	\$1,000 plus 90% of excess of value over \$9,000
More than \$12,000 but not more than \$15,000	\$1,900 plus 55% of excess of value over \$12,000
More than \$15,000 but not more than \$20,000	\$3,550 plus 75% of excess of value over \$15,000
More than \$20,000 but not more than \$24,250	\$7,300 plus 85% of excess of value over \$20,000
Over \$24,250	45% of value

All real estate construction loans are limited to a term of 20 years, except those made on properties valued at \$7,000 or less under a contract which calls for complete amortization of the loan in 25 years by equal monthly, quarterly, semi-annual or annual payments to principal or to principal and interest. However, a loan may be amortized on a basis that provides for annual reduction of principal at a minimum rate of 5 percent per year of the original amount of the balance, and such loans are exempt from further amortization when the outstanding balance has been reduced to not more than 50 percent of the value of the property as of the time the credit was extended.

Although the regulation provides that a person must be registered in order to extend real estate construction credit, all persons engaged in the business will automatically be deemed to be registered for present purposes and no action on their part to secure registration is now required. However, the regulation provides that the Board may later, by public announcement, require registration statements to be filed by persons affected.

Equity Investment for Savings Banks?

At the Lake Placid meeting of the Savings Banks Association of the State of New York, early in October, there was considerable discussion of investment in equities by savings institutions.

George P. Montgomery, vice-president and securities investment officer of the Seamen's Bank for Savings in the City of New York, gave the results of a committee study on this subject, showing the average returns, 1927-1949, on hypothetical investment in both industrial and bank stocks, as well as the 1932 income.

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In the latter year the average return would have been 2.88 percent on the selected industrial shares against 3.42 percent on selected bank stock, while the 1927-1949 average rate of return was 7.36 percent for the industrial shares compared with

3.94 percent on the bank stock.

Mr. Montgomery concluded his discussion by urging serious consideration of the question: "Should we or should we not purchase partnerships in American enterprise?"

William H. Harder, vice-president

of the Buffalo Savings Bank, suggested that if savings banks were authorized to invest in equities, a reasonable procedure for smaller bank would be the utilization of mutual or common trust fund participations.

"Having our own mutual funds," he said, "in addition to the sizable savings in operating expense, would give us better control in the choice of securities suitable to the portfolio needs of savings banks.

"It would enable us to draw on the investment knowledge and experience of the investment men of the savings banks, particularly those who have funds in the trust. A formula plan for timing and purchase and sales could be worked out which would tend to make for maximum stability in times of high stock prices, but which would be more leniently standardized in periods of low prices."

In discussing this proposal, William A. Lyon, Superintendent of Banks of the State of New York, said:

"The proposal cannot be lightly dismissed, though it would represent a sharp break from 131 years of savings bank history in this state.

"Two aspects of the proposal, however, raise some doubts as to whether the time is propitious for trying to obtain legislative sanction at this time. In the first place, the experience with the wider power allowing bond purchases outside the legal list does not indicate that the authority to buy equities would be widely or substantially used for some time. Thus it would be no great help in making up for the reduction in mortgage volume.

"In the second place, we must consider whether the opening up of this new field would have any bearing on the problem of controlling inflationary tendencies. If the power would not be used by the savings banks generally at this time, there is no practical advantage in seeking it. If the power should be heavily used, it seems to me that it would stimulate speculation by others in a market which is usually one of the more sensitive parts of the inflationary picture. Once the reservations about its bearing on inflationary control are eliminated, and under suitable limitations, equities may well afford a satisfactory investment outlet for a moderate amount of savings bank funds."

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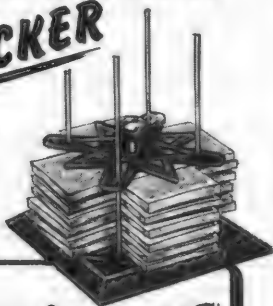
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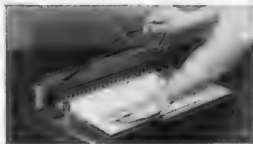


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New Books

A Reconstruction of Economics

By *Kenneth E. Boulding*. John Wiley, New York. 308 pp. \$4.50. Professor Boulding (Economics Department, University of Michigan) makes "an original approach to economic theory through assets and the balance sheet rather than through income and the income account."

Private Enterprise and Governmental Planning: an Integration

By *Theo Surányi-Unger*. McGraw-Hill, New York. 373 pp. \$4.50. A study for advanced students in economic theory by a professor of economics at Syracuse University.

Our Modern Banking and Monetary System

By *Rollin G. Thomas*. Prentice-Hall, New York. 830 pp. \$5. Second edition of a text which, among other things, applies present theory to current domestic and international problems. The author is professor of economics at Purdue University.

Cases and Problems in Audits and Examinations

By *Christian Oehler*. American Book Company, New York. 528 pp. \$5.50. Practical material for the student by a certified public accountant and professor of accounting at Fordham University.

Monetary Policy for a Competitive Society

By *Lloyd W. Mints*. McGraw-Hill, New York. 229 pp. \$3. The author defends a policy of management in accordance with legislatively prescribed rules, emphasizing the importance of a definite and announced policy.

The Prudential: A Story of Human Society

By *Earl Chapin May* and *Will Oursler*. Doubleday, Garden City, New York. 353 pp. \$5. An account of the origin and growth of the Prudential Insurance Company of America, founded 75 years ago.

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By *Frank J. Taylor* and *Earl M. Welty*. McGraw-Hill, New York.

270 pp. \$4. "How an oil hunt grew into the Union Oil Company of California."

Where We Are At—a Guide for Enlightened Conservatives

By *Thomas H. Barber*. Scribner's, New York. 255 pp. \$3. "An examination, in plain language, of the ills that are threatening your way of life, their basic causes, and what you can do about it."

Morgenthau, the New Deal and Silver

By *Allan Seymour Everest*. King's Crown Press, Columbia University, New York. 198 pp. \$3.50. This monograph is subtitled "A Story of Pressure Politics." Objectives and tactics of the Congressional silver bloc provide the underlying theme of the narrative.

How to Lay a Nest Egg

By *Edgar Scott*. John C. Winston Company, Philadelphia. 65 pp. \$1.50. "Financial facts of life for the average girl," presented by a broker to help her determine and achieve her financial aims.



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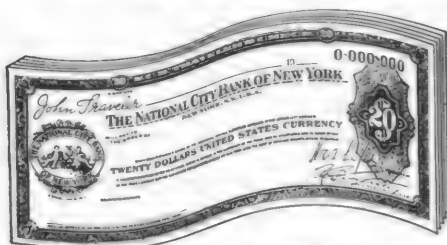
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Business Aids

EACH month this column will list recent acquisitions including manufacturers' literature and other special announcements of interest to our readers—though no statement made should be regarded as an endorsement.



BOWLING, AN OPPORTUNITY FOR PROFITABLE INVESTMENT — A 63-page illustrated booklet describing investment opportunities offered by the recreation business. Traces the growth of the pastime and pictures new and modern

establishments erected for the sport. Includes an interesting summary of income and expense for a typical bowling business with pertinent data on the various phases of such an establishment's operation. **BILIARDS, THE REAL PROFIT OPPORTUNITY**, a similar 59-page booklet, is also available. Write to *The Brunswick-Balke-Collender Company*, 623 S. Wabash Avenue, Chicago 5, Illinois.



HOW TO CHECK THE OPERATION OF AN AIR CONDITIONING SYSTEM — Anemotherm Air Meter operation is explained by a new chart giving simple instructions on how to apply this new instrument in checking air heating and cooling systems. The chart outlines checking operation for air velocity in the ducts at supply and return registers and throughout the

room, as well as static pressure in the ducts and the air temperature in any point in the system and in the room. Address requests for chart to *Anemostat Corporation*, 10 East 39th Street, New York 16, New York.



A SILENT ELECTRIC TYPEWRITER, completely inaudible only a short distance from the machine, has been announced by the *Underwood Corporation*. On this new machine all typing operations are performed on the keyboard except the in-

sertion and removal of paper. All keys are actuated by electricity and the soundproof case may be easily opened by the touch of a single key.



Westinghouse Electric Stairways

THE PROVED SOLUTION TO MODERN BUSINESS TRAFFIC - FLOW PROBLEMS — A 46-page illustrated booklet discussing the use of electric stairways in stores, banks, and office buildings, with many pictures of typical installations.

Contains charts and tables describing the construction of these stairways, as well as installation data, dimensions, and so forth.

Write to *The Westinghouse Electric Corporation, Elevator Division*, 150 Pacific Avenue, Jersey City, New Jersey.



HOW TO SIMPLIFY YOUR FILES AND FILING SYSTEMS — A 40-page illustrated booklet charting the life cycle of a file, beginning with the origin of a record, progressing through sorting and indexing to the retention or transfer of the record, including the use of modern microfilming equipment. Emphasizes the simplicity and convenience of accurate filing con-

ducted with adequate filing systems. Brings out methods of finding filed material and devotes a full page to the problem of proper spelling of names. For copies of this interesting booklet, write to *Frank J. Hastings, Remington Rand, Inc.*, 315 Fourth Avenue, New York 10, New York.



IMPROVING THE EFFECTIVENESS OF MANAGEMENT, by Herman S. Hall — A 24-page booklet outlining the composition of the management team with a discussion of what a supervisor should know about his organization, responsibility

and authority, his subordinates' work, and so forth. Outlines areas of managerial responsibility and steps necessary for setting up a management development program. It also includes a suggested list of reference books on the subject. To obtain copies of this booklet, write to *University of Illinois, Office of Publication*, 358 Administration Building, Urbana, Illinois.

THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

The Outlook. The war boom which started 10 years ago in the anxious autumn of 1940 continues to gather illusory strength and a great deal of confusion with excellent prospects for new highs in both categories.

The appearance of strength comes mainly from the prospect of a rising trend of expenditures for mobilization, aid to our foreign allies and rearmament, stretching far into the future. It is the same war-stimulated inflation we have had for a decade. The confusion comes from the fact that we are trying to wage war against communism with one hand and pass the caviar with the other. We do not seem to be sure what the fighting is all about or what we are trying to prove to the world.

In the midst of bloody fighting in Korea against a Moscow-directed enemy, the nation's best known newspaper editorially admonished us to watch our manners in (shall we say) our social contacts with Moscow's representatives who are here in the sacred role of guests! Similar evidences of our confusion could be multiplied *ad infinitum*. Certainly when we were dealing with the Germans under similar circumstances we were not thus concerned with acting like when knight-hood was in flower.

One World

The world of business and the world of politics are getting so close together that it is impossible to discuss them separately.

One thing everyone seems agreed upon is that inflation and communism are the chief threats to business.

The truth is they are comrades under the skin. Both or either one can defeat us if given a chance. They have the same parents—war and rumors of war. Both mean a strictly controlled economy and both seem to have the faculty of playing possum the moment we get all set to fight them.

Public Confidence

Also a fertile source of confusion is our effort to control inflation. There are too many signs that the powers-that-be do not see eye to eye.

The principal thing that stands between us and an inflationary trip to the moon is public confidence in the dollar and the Government. This is a priceless asset, and, in spite of everything, we still have plenty of it. Without it, all the controls in the world would prove no more effective than one of General Burgoyne's prettily embossed cannon of Revolutionary days against an atom bomb.

Confidence is a word that was overworked some years ago but lately it has been overlooked. We should hear it more often in the months to come, as the economic managers with their inevitable quota of human fallibility get into action. Recently we seem to have formed the habit of putting our faith in mechanical devices such as arbitrary credit controls, money rates, dia-

grams, statistics and charts, in dealing with situations calling mainly for psychology and common sense.

A possible case in point is the imposition of two different general orders on consumer credit just 24 business days apart. On September 18 the Federal Reserve Board put into effect the new Regulation W restricting instalment purchases. Although rumors began to circulate almost immediately that the regulations were too lenient and the inflationary threat required more drastic curbs, a group of retailers meeting with the Board were convinced as late as October 12 that no change would be made for several months. The following day, however, new and more severe limitations were announced to be effective in about 48 hours, despite the fact that many retailers reported a general tendency of business and prices to level off. Thousands of them did not even have time to change their advertising and the whole process was described by someone as using a sledgehammer to kill a cockroach, without anyone knowing exactly who was swinging the hammer.

Retailers are likely to bear the brunt of controls thus far set up. Here are the categories of business which have increased most during the past year prior to the imposition of new controls. Percentages of growth are shown in each case, as reported by the Department of Commerce. Almost without exception these are the businesses likely to be hit hardest by the new restrictions.

Radio stores	80
Household appliance dealers	66
Lumber and building materials dealers	62
Accessory, tire, battery dealers	60
Heating and plumbing equipment dealers	42
Music stores	40
Fuel dealers	38
Floor coverings stores	35
Office and store machine and equipment dealers	35
Farm equipment dealers	32
Motor vehicle dealers	31
Furniture stores	30
Furriers, fur shops	29
Sporting goods stores	28
Hardware stores	27
Camera and photographic supply stores	25
Women's accessories stores	22
Paint, glass, wallpaper stores	21
Stationery stores	21
Department stores	17
Dry goods and general merchandise stores	17
Family clothing stores	17
Women's ready-to-wear stores	16
Custom tailors	16
Men's and boys' clothing stores	15

All this is history except the ultimate result. If confidence is a casualty there is no chance of winning the fight on inflation.

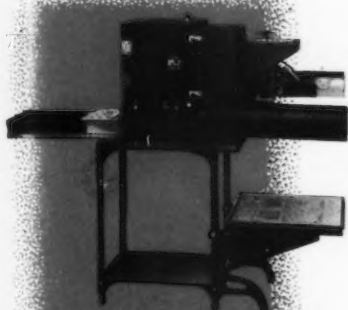
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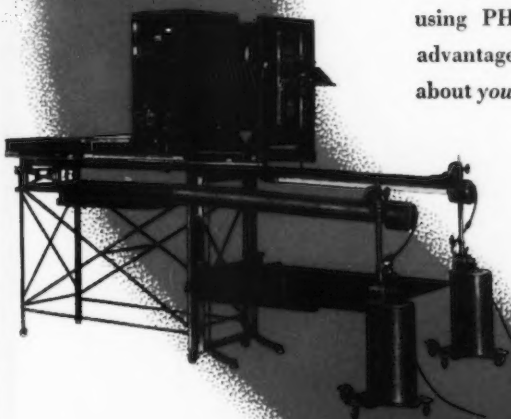


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